

City of Seabrook, Texas

Comprehensive Annual Financial Report

Fiscal Year October 1, 2019 thru September 30, 2020



"The City of Seabrook is responsive, innovative and fiscally sound in delivering services that preserve, protect and enhance quality of life."

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF SEABROOK, TEXAS

**For the Year Ended
September 30, 2020**

**Prepared by
City Administration and the Finance and Accounting Office**

**Gayle Cook
City Manager**

**Sean Landis
Assistant City Manager**

**Michael Gibbs
Director of Finance**

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CITY OF SEABROOK, TEXAS

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INTRODUCTORY SECTION

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March 25, 2021

To the Honorable Mayor,
Members of City Council,
and Citizens of the City of Seabrook, Texas:

The City of Seabrook, Texas (the “City”) is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City for the fiscal year ended September 30, 2020.

This report consists of management’s representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements. The City also acknowledges all disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City’s financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended September 30, 2020 are fairly presented in conformity with U.S. GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

As required by U.S. GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Seabrook, incorporated in 1961, is in southeastern Harris County and is located in the Clear Lake area, which is approximately 25 miles southeast of Houston. The City is surrounded by Galveston Bay to the east; Clear Lake to the south; and the cities of Pasadena, El Lago, and Taylor Lake Village to the north and west.

The City of Seabrook is a home-rule City and has adopted a Council-Manager form of government. The City Council is comprised of a mayor and six council members. The Mayor and City Council Members are elected at large to serve four-year terms. The City Manager is appointed by the City Council and is responsible for implementation of City Council's policies and all day-to-day operations of the City.

A full range of municipal services is provided by the City including police and fire protection, emergency medical services, solid waste, water and wastewater utilities, public improvements, repair and maintenance of infrastructure, recreational and community activities, planning and zoning, and general administrative services.

As an independent political subdivision of the State of Texas, the City is considered a primary government. Pursuant to standards established by the Governmental Accounting Standards Board (GASB), the City reports all funds for which the City, as a primary government, is financially accountable. As such, this report includes financial activities of two component units as follows:

- The Seabrook Economic Development Corporation was created by the City in 1992 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and related development activities on behalf of the City.
- The Seabrook Crime Control and Prevention District was created under the authority granted by Chapter 363 of the Texas Local Government Code and Section 323.105 of the Texas Tax Code for the purpose of strengthening and enhancing crime control activities of the City.

Local Economy

The Clear Lake area, of which Seabrook is a part, is home to NASA's Johnson Space Center and is known to be the third largest boating center in the United States. The regional economy is very diverse and not driven by just one or two industries. Everything from tourism, boating, and recreation industries to aerospace, petrochemical, and biomedical facilities can be found in the immediate Clear Lake area.

In March 2020, the City issued a local disaster declaration for COVID- 19 and forecasted that with business closures and limited capacities, revenues would decline. Sales tax remained strong throughout the remaining fiscal year during the pandemic and ended above budget. The Hotel Occupancy Tax Fund, as expected, did rapidly decline ending the fiscal year under budget.

The SH 146 expansion began on February 13, 2019, with the planned project duration for 60 months (5 years). Project management reported that the estimated timeline has decreased and plans to be completed in May, 2023. While phasing of the project continued to experience different delays based on utility relocations, pipeline relocations and structural piling obstructions, the overall project progressed in alternate locations. The northbound frontage road is planned to start in February —March, 2021 and anticipated to be complete in late 2022.

In November 2019, the City experienced the start of the Red Bluff expansion project and the estimated completion is June 2021. This project includes the construction of a non-freeway thoroughfare consisting of widening to a 4-lane divided roadway, including the bridge across Taylor Lake and 10-foot pedestrian and bicycle accommodations.

The Port of Houston Rail Spur project began in the early part of the fiscal year and experienced a number of delays. The estimated completion is mid 2021. The rail will traverse SH 146 on the northern boundary of the City and create three (3) new at grade crossings on SR 146 and Old SR 146.

Economic Condition and Outlook

Existing property values increased slightly from \$1.2 to \$1.3 billion with optimistic fiscal and economic development projects under construction and in design. Development proposals and projects began to be brought forward this fiscal along the SH 146 corridor and future Grand Parkway with steady increases to real estate values.

Residential and Multi-Family

Chesapeake Bay 55+ apartment complex part of a Planned Unit Development (PUD) approved in 2015, consists of an overall project of 259 units of age restricted multi-family units. On May 2, 2017, Chesapeake II PUD was approved to include a light commercial retail and mini storage warehouse with a modified Phase III to consist of 42 units of one story units. This phase was started during the year.

Seaside Lodge at Chesapeake Bay complex part of a Planned Unit Development (PUD) near the corner of Elam St and Larabee St began permitting requirements through the Harris County Affordable Rental Housing Program and began construction during the year. The project is planned to develop approximately 92 units in a single 3-story building on 4.118 acres and was approved for Low Income Housing Tax Credits (LIHTC).

A new residential community, Lake Mija Village, continued construction with over 50 single family homes on the northern section of the City adjacent to Lake Mija. Home prices range from \$350,000 and up. In March, 2020, Lake Mija Village was approved for a new Section 2 consisting of 33 lots. El Mar Village townhomes development on E. Meyer finished construction with 20 homes in the price range of \$225,000 —\$270,000.

Old Seabrook Village, a revised Planned Unit Development (PUD) for single family homes along E. Meyer, broke ground on model home. The ultimate development will consist of 88 lots and will have the traditional front accessed garages and unobstructed back yards.

Commercial

The approved Seabrook Town Center project near SH 146 and Repsdorph, previously approved for a large box retail center development entered into negotiations for new development. The project was approved in the overlay district with a new Planned Unit Development comprising of a 324 unit luxury multi-family apartment complex, 37,000 sf of leasable retail space, an entertainment plaza surrounded by walkable trails. This new development continues to add new commercial frontage along the soon to be expanded SH 146. Additional phases to the overlay district adjacent to CVS Pharmacy and Autozone are still reserved and planned for commercial development along Repsdorph.

Retail at the Commons, a retail center and a Planned Unit Development (PUD) approved 2013, continued to delay and construction did not begin as planned on the development. The site will be 6.5 acres immediately in front of the Towers Luxury Apartments and will include 16,000 square feet of retail space and now two (2) stand-alone pad sites with frontage abutting SR 146. The revised project will include a convenient store with gas pumps on one of the pad sites and a design modification splitting the retail space building into two separate structures. Construction is now estimated to begin the mid 2021.

Lighthouse Daycare, completed construction of an 11,200 sf childcare facility on Lakeside near the Repsdorph traffic circle. The project purchased land from the City for the new facility and the transaction closed in February, 2019.

A boutique hotel with 170 rooms, extended stay hotel with 76 rooms, a 21,500 square foot conference center and ballroom, 25,000 square feet of retail space and approximately 260 unit luxury multi-family complex located on 15 acres of land along Clear Lake in Seabrook was approved with a preliminary planned unit development presentation in August, 2020. The developer plans on submitting for final approval in fiscal year 21 and estimates 12 months of design and engineering.

Lone-Term Financial Planning

Debt Management Policy

The City Council has adopted a series of financial standards and policies for operating and debt management. To establish guidelines for debt financing, the City Council approved Resolution 2015-01, Debt Management Policy, for expenditures including facilities, land, capital equipment, and infrastructure improvements. The policy minimizes the impact of debt payments on current and future revenues.

Comprehensive Master Plan and Thoroughfare Plan

In August 2016, the 2035 Comprehensive Master Plan was completed and approved by the Master Plan Review Committee and the City Council. The finished plan compiled all of the public input from a community survey to citizen involvement through a very interactive Community Workshop that was attended by over 300 people. The finished product successfully communicates all the public input themes that were taken from the process and put into the guiding principles for the plan.

The Thoroughfare Plan was approved in July 2016. This document is referenced and has appendixes in the Comprehensive Master Plan. The plan outlines the classifications of each thoroughfare in addition to a new proposed thoroughfare map.

Capital Improvement Plan

The City annually adopts a five-year Capital Improvement Plan with the approval of a one-year annual budget during the current fiscal year that includes the short-term improvement plan for water, wastewater, drainage, and other municipal facilities. For this fiscal year, multiple projects were identified for initiation in water, wastewater, and streets. Additional sections to the program were added to include Facility Projects, Economic Development Projects and Park and Trail Projects. Additional sources of revenue were addressed for the needs and timelines presented that resulted in the issuance of Certificates of Obligation in 2020.

Water and Sewer Rate Study

In April 2019, the City began a new water rate study and it was approved and adopted in March, 2020. In late 2020, a new Water Agreement was reached with the City of Seabrook and incorporated the findings in the water rate study. The new 20 year agreement secured an updated cost and increased the quantity for further development of larger projects.

SH 146 Expansion Stabilization Fund

In December 2011, the City adopted an ordinance establishing a Budget Stabilization Fund. Using surplus revenues from both the general and the enterprise funds from 2011, \$800,000 was set aside to offset any adverse impact caused from the construction on SH 146. This is a separate fund and is in addition to the City's 25% of operating expenditure and additional unrestricted fund balance in the general fund and the 15% in the enterprise fund. To date, the City has not utilized this special fund.

State Infrastructure Bank (SIB)

In August 2018, the City agreed to loan terms with the SIB in an amount of \$3,700,000. The City is required to relocate its water and sewer utility lines along State Highway 146 due to the State's highway widening project. The SIB loan will be used to pay for the utility relocation.

Bond Program 2002 (2003, 2005 and 2008 Issues)

In September 2002, the City held an election to issue General Obligation Bonds. There were multiple propositions on the ballot and all were approved by the voters. The propositions cumulatively totaled \$19,688,000. In November 6, 2007, a subsequent special election was held authorizing an additional \$2,500,000 be added to the 2008 Bond Issue for a total of \$22,188,000. The bond program was to be used as follows:

- \$5,025,000 was used for construction and repair of streets Flamingo, El Mar and Old Seabrook Overlays Completed 2004-2005
- \$6,111,000 was used for construction of fire station and acquisition of fire-fighting equipment including engines/vehicles Completed 2004-2008
- \$3,023,000 was for acquisition, construction and improvements to parks Carothers Park - Completed 2004-2011
- \$724,000 was for purchasing public safety equipment, dispatch console and other equipment - Completed 2004
- \$1,299,000 was for the construction and improvements to Evelyn Meador Library Completed 2010
- \$330,000 was for issued for drainage projects Completed 2005-2008
- \$5,676,000 was issued for the construction of repairs, improvements and extensions to the City's water and sewer systems - Completed 2004-2012

Bond Program 2014

In November 2014, the City held an election to issue General Obligation Bonds. There were four propositions on the ballot and all were approved by the voters. The propositions were as follows:

- Proposition I was for \$6,850,000 to build a new Public Works/Animal Adoption facility. **Completed - August 2017**
- Proposition 2 was for \$725,000 to purchase a fire truck. - **In operation**

- Proposition 3 was for \$525,000 to install a fiber optic network. — **Eastside fiber ring is complete and westbound connection is under construction.**
- Proposition 4 was for \$450,000 to construct splash pads in two City parks. — **Completed**

Certificates of Obligation

In 2010, the City issued Certificates of Obligation in the amount of \$900,000. Projects for the issuance follows:

- Lakeside Drive extension and Harris County Repsdorff Road expansion project - **Completed 2011.**

In 2016, the City issued Certificates of Obligation in the amount of \$2,500,000. This project made way for commercial development in the Seabrook Town Center development. The City entered into an agreement with the Seabrook Economic Development Corporation to make the debt service payments on the Certificates of Obligation as they relate to economic development. The projects for this issuance were as follows:

- Ground water storage tank and water plant (CIP# W4)

In 2017, the City issued Certificates of Obligation, Series 2016A for the amount \$6,165,000. Projects included in this issuance were as follows:

- Todville Sewer Line Replacement from Main Street to Meyer (CIP# WW4)
- Wastewater Treatment Plant Upgrades — Phase 2 (Clarifier) (CIP# WW6)
- Wastewater Treatment Plant at Pine Gully (CIP# WW9)

In 2020, the City issued Certificates of Obligation, Series 2020 for the amount of \$9,090,000. Projects for the issuance were as follows:

- Wastewater Treatment Plant Retrofit (CIP# WW9)
- El Mar Ditch Drainage Project — (CIP# D2)
- Seascope Subdivision Drainage Project (CTP# Dli)
- Baybrook Subdivision Drainage Project (CTP# Di 2)
- Smart Water Meter Conversion (AMI) System (CIP# FAC6)

Major Capital Initiatives Completed

Pine Gully Wastewater Treatment Plant (CIP # WW9)*
NASA Rd 1 and Old Seabrook Waterline (CIP# W6 and W14)
State Highway 146 Waterline Relocation (CIP# W7)
Todville Sanitary Sewer Line Replacement Project (CIP# WW4)
Wastewater Treatment Plant Upgrades Phase 2 — Clarifier (CIP# WW6)
State Highway 146 Wastewater Relocation (CIP# WW8)
Chloramine Conversion Wastewater Plan (CIP# W13)
Pine Gully and Hester Gully Waterlines (CIP# WI 7 and Wi 8)
Marvin Circle Paving and Waterline (CIP# SIO)
Du Lac Trace, Waterway and Seascope Outfalls (CIP# D9)
SCADA System for Water (CIP # FAC 1)
Water Wells Fiber (CIP# FAC 10 and FAC 11)

*The City had proposed a multi-phased approach to the relocation of the wastewater treatment plant in the City's CIP as noted by project WW9. Phase IA was initiated and funded and would have allowed for a .5 MGD capacity and start of the new plant. In June 2019, a new mitigation program through the Hazard Mitigation Grant Program (HMGP) for a retrofit of the facility was determined

eligible and the project was resubmitted for funding. Award for Phase I — Design and Engineering — was awarded and completed. Submittal was made to TEDM for the HMGP funding of Phase 11 — Construction. Award notification is expected early 2021.

Certificate of Achievement

The City of Seabrook received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended September 30, 2019. This was the 40th consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for an award.

Acknowledgments

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor, members of the City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.



Gayle Cook
City Manager

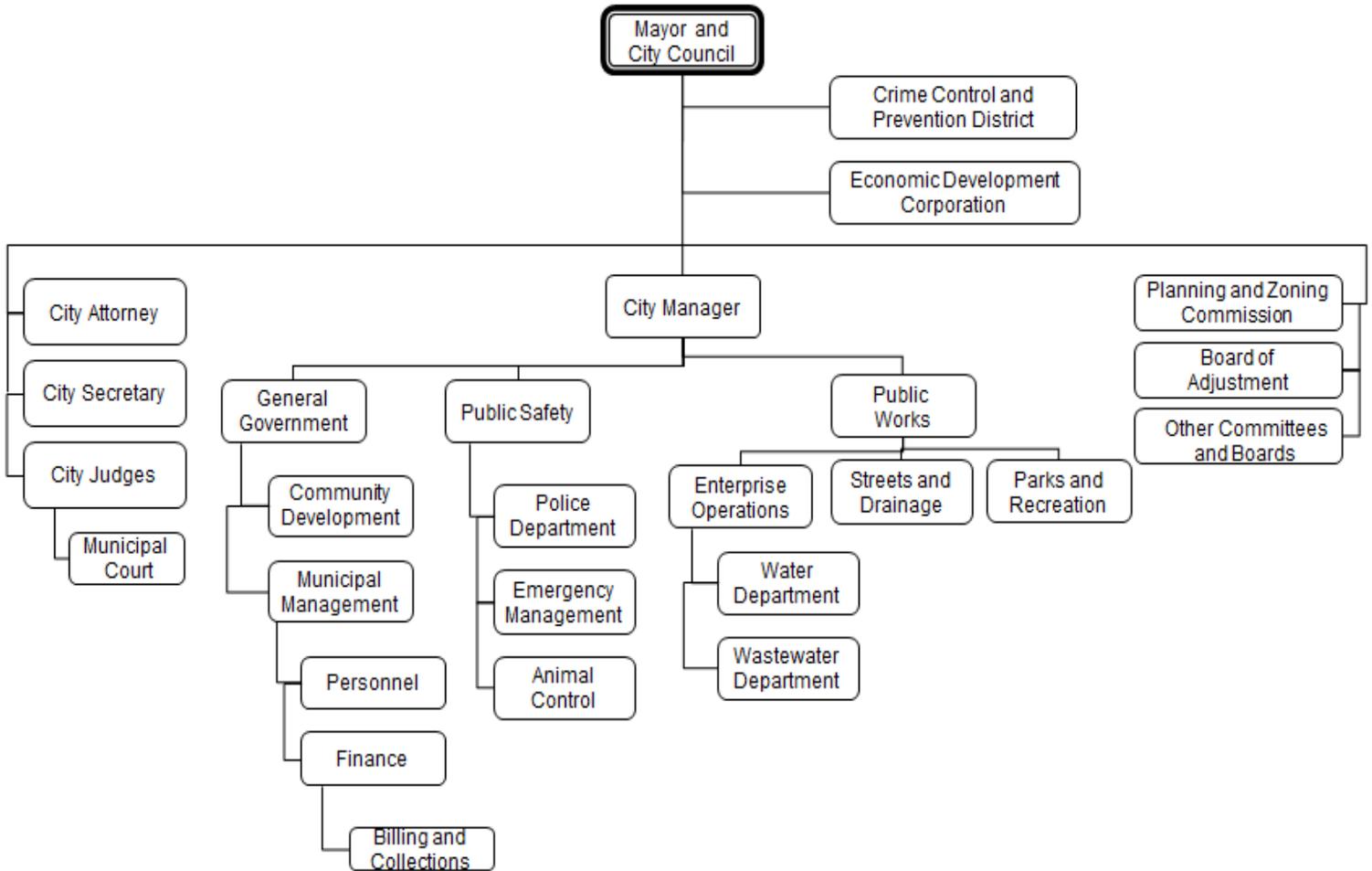


Michael Gibbs
Director of Finance

CITY OF SEABROOK, TEXAS

ORGANIZATIONAL CHART

September 30, 2020



CITY OF SEABROOK, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*
September 30, 2020



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

City of Seabrook Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2020

City Officials	Elective Position	Term Expires
Thomas G. Kolupski	Mayor	05/2021
Ed Klein	Council Member – Position One	05/2022
Laura Davis	Council Member – Position Two	05/2021
Jeff Larson	Council Member – Position Three	05/2022
Natalie Picha (Mayor Pro Tem)	Council Member – Position Four	05/2021
Walter “Buddy” Hammann III	Council Member – Position Five	05/2022
Joe Machol	Council Member – Position Six	05/2021

Key Staff	Position
Gayle Cook	City Manager
Sean Landis	Assistant City Manager
Michael Gibbs	Director of Finance
Robin Hicks	City Secretary
Sean Wright	Director of Public Safety
Kevin Padgett	Director of Public Services
Carolyn Webbon	Municipal Judge

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Seabrook, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seabrook, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liabilities and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 25, 2021

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including public safety, public works, economic development, and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, sewer, and sanitation services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The crime control and prevention district, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, debt service, and capital project funds, which are considered to be major funds for reporting purposes.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and sanitation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of its public safety vehicles and equipment. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System (TMRS), schedule of the City's proportionate share of the net pension liability – Texas Emergency Services Retirement System (TESRS), schedule of changes in the total OPEB liability and related ratios – Supplemental Death Benefit Fund, and schedules of contributions for TMRS and TESRS. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$61,270,687 as of September 30, 2020. This compares with \$57,013,493 from the prior fiscal year. The largest portion of the City's net position, 57 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 20,569,641	\$ 17,451,289	\$ 19,660,035	\$ 12,830,110	\$ 40,229,676	\$ 30,281,399
Capital assets, net	44,663,356	44,732,540	25,634,870	22,221,517	70,298,226	66,954,057
Total Assets	65,232,997	62,183,829	45,294,905	35,051,627	110,527,902	97,235,456
Deferred charge on refunding	214,743	251,852	20,843	25,012	235,586	276,864
Deferred outflows - pensions	1,186,231	2,481,638	167,769	362,445	1,354,000	2,844,083
Deferred outflows - OPEB	58,519	16,578	-	-	58,519	16,578
Total Deferred Outflows of Resources	1,459,493	2,750,068	188,612	387,457	1,648,105	3,137,525
Long-term liabilities	24,832,662	24,983,303	22,451,600	15,995,203	47,284,262	40,978,506
Other liabilities	525,326	986,336	1,946,610	1,297,293	2,471,936	2,283,629
Total Liabilities	25,357,988	25,969,639	24,398,210	17,292,496	49,756,198	43,262,135
Deferred inflows - pensions	996,146	79,077	138,874	95	1,135,020	79,172
Deferred inflows - OPEB	14,102	18,181	-	-	14,102	18,181
Total Deferred Inflows of Resources	1,010,248	97,258	138,874	95	1,149,122	97,353
Net Position:						
Net investment in capital assets	28,175,351	27,201,835	6,958,646	8,283,669	35,133,997	35,485,504
Restricted	4,876,957	4,672,760	4,300,283	3,145,604	9,177,240	7,818,364
Unrestricted	7,271,946	6,992,405	9,687,504	6,717,220	16,959,450	13,709,625
Total Net Position	\$ 40,324,254	\$ 38,867,000	\$ 20,946,433	\$ 18,146,493	\$ 61,270,687	\$ 57,013,493

A portion of the primary government's net position, \$9,177,240 or 15 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$16,959,450 or 28 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$4,257,194 as compared to the prior year. This increase is largely the result of increases in charges for services and grants and contributions. Charges for services within governmental activities saw an increase due to the City bringing EMS services in house for fiscal year 2020. Additionally, charges for services also increased within business-type activities due to both an increase in the number of accounts served as well as consumption. Operating grants and contributions for governmental activities and capital grants and contributions for business-type activities also saw significant increases due to new funding from the Coronavirus Relief Program in response to the pandemic as well as Hazard Mitigation grant funds that are being utilized to retrofit the City's wastewater treatment plant. Compared to the prior year, total assets increased by \$13,292,446 largely due to an increase in construction projects and cash as a result of issuing new debt during the year. Total liabilities increased by \$6,494,063 primarily due to new debt issued during the year.

As of September 30, 2020, the City reported deferred outflows and inflows of resources related to its pension plan of \$1,354,000 and \$1,135,020, respectively. In addition, the City reported an aggregate net pension liability of \$4,228,645, which is part of the \$47,284,262 reported in long-term liabilities. The detail of these amounts is further discussed in the notes to the financial statements.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

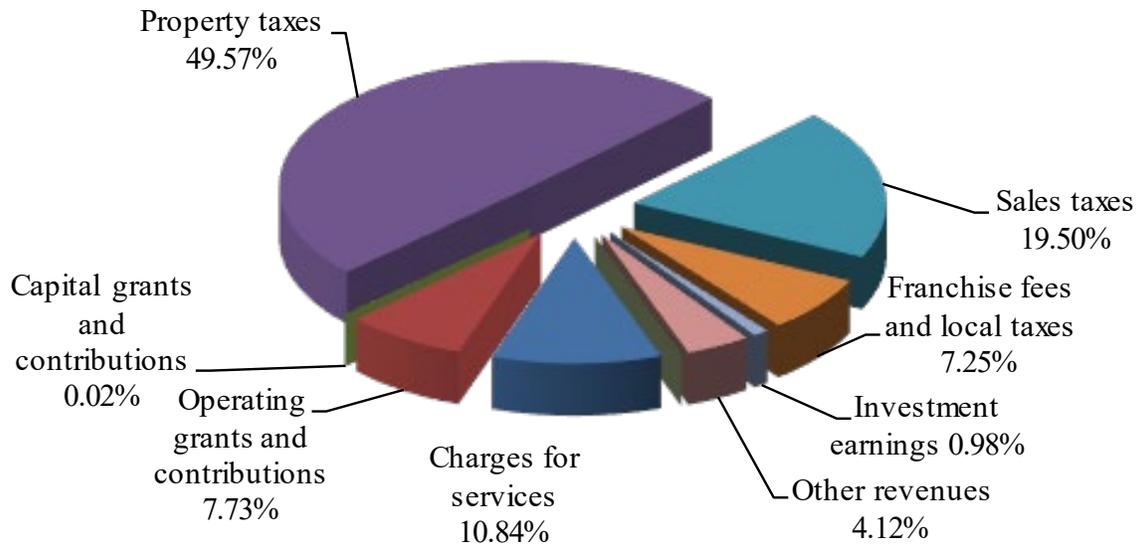
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 1,665,033	\$ 973,666	\$ 8,370,924	\$ 7,905,427	\$ 10,035,957	\$ 8,879,093
Operating grants and contributions	1,187,359	432,945	-	-	1,187,359	432,945
Capital grants and contributions	2,408	2,453	2,600,228	303,446	2,602,636	305,899
General revenues:						
Property taxes	7,612,682	7,027,755	-	-	7,612,682	7,027,755
Sales taxes	2,994,232	2,776,366	-	-	2,994,232	2,776,366
Franchise fees and local taxes	1,113,688	1,329,757	344,369	298,573	1,458,057	1,628,330
Investment earnings	149,979	334,911	107,906	263,537	257,885	598,448
Other revenues	632,640	1,036,348	214,811	224,385	847,451	1,260,733
Total Revenues	15,358,021	13,914,201	11,638,238	8,995,368	26,996,259	22,909,569
Expenses						
General government	3,680,753	3,890,689	-	-	3,680,753	3,890,689
Public safety	8,837,709	7,124,146	-	-	8,837,709	7,124,146
Public works	2,380,054	2,509,691	-	-	2,380,054	2,509,691
Economic development	524,516	689,091	-	-	524,516	689,091
Interest and fiscal agent fees	561,811	543,882	-	-	561,811	543,882
Utilities	-	-	6,754,222	6,076,489	6,754,222	6,076,489
Total Expenses	15,984,843	14,757,499	6,754,222	6,076,489	22,739,065	20,833,988
Excess (Deficiency) of Revenues Over (Under) Expenses	(626,822)	(843,298)	4,884,016	2,918,879	4,257,194	2,075,581
Transfers	2,084,076	2,173,738	(2,084,076)	(2,173,738)	-	-
Change in Net Position	1,457,254	1,330,440	2,799,940	745,141	4,257,194	2,075,581
Beginning net position	38,867,000	37,536,560	18,146,493	17,401,352	57,013,493	54,937,912
Ending Net Position	\$ 40,324,254	\$ 38,867,000	\$ 20,946,433	\$ 18,146,493	\$ 61,270,687	\$ 57,013,493

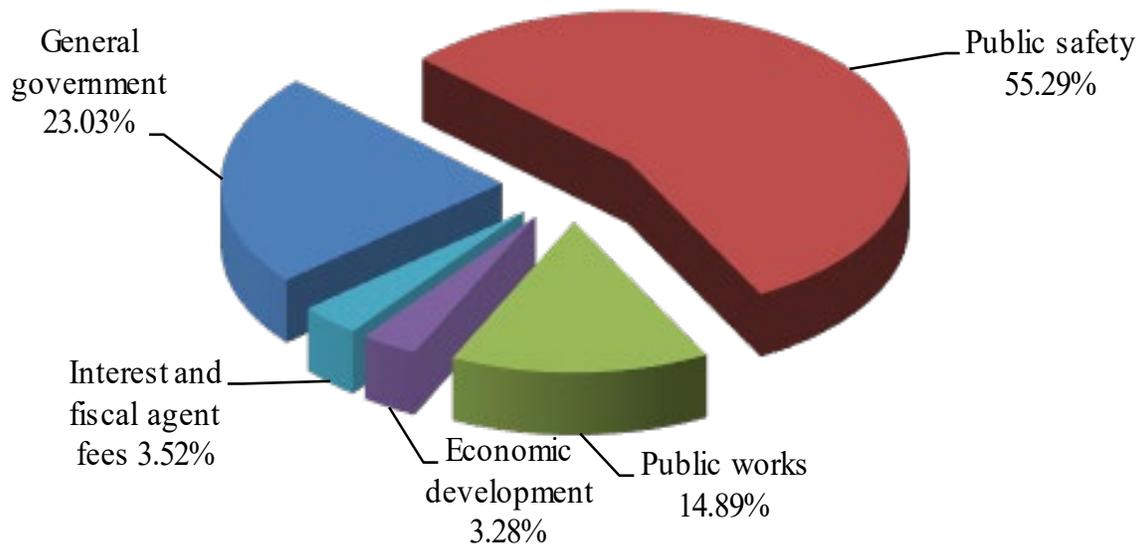
CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

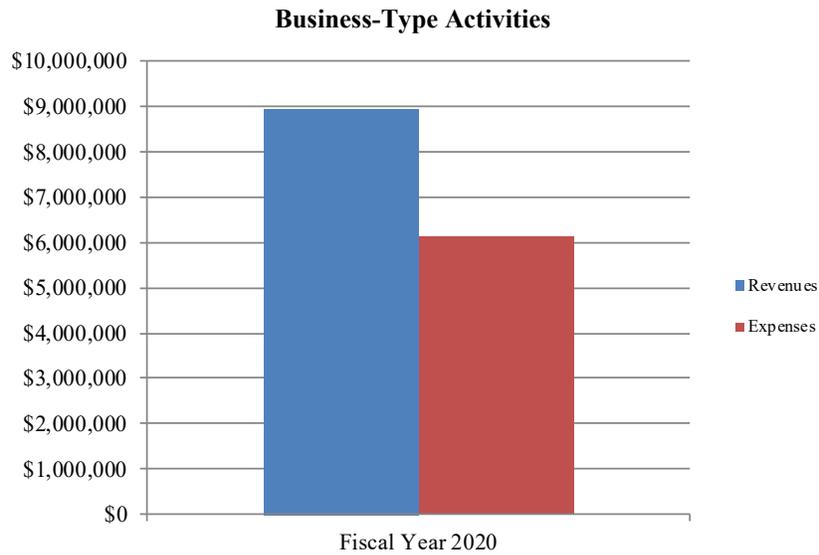
Governmental Revenues



Governmental Expenses



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020



For the year ended September 30, 2020, revenues from governmental activities totaled \$15,358,021, which is an increase of \$1,443,820 from the prior year. This increase is primarily related to an increase in operating grants and contributions, property taxes, charges for services, and sales tax revenue. Property tax revenue increased due to increases in property valuation. Sales tax revenue increased due to more economic activity during the year. Charges for services increased due to additional ambulance revenue this year and an increase in permit revenue. Operating grants and contributions increased due to the City receiving Coronavirus relief grant funds to aid in the cost of responding to the COVID-19 pandemic.

For the year ended September 30, 2020, expenses from governmental activities totaled \$15,984,843, which is an increase of \$1,227,344 from the prior year. This change can be attributed to increases in public safety and interest and fiscal agent fees. Public safety expenses increased in the current year primarily due to increases in new staff and salaries. Interest and fiscal agent fees increased related to the issuance of new debt by the City.

Operating revenues for business-type activities increased from the prior year. Capital grants and contributions also increased as a result of grant funds received for capital improvements to the City’s wastewater treatment plant. Charges for services increased by \$465,497, or 6 percent, because of an increase in water consumption and accounts served during fiscal year 2020 and a sanitation rate increase from prior year. Operating expenditures for business-type activities increased from the prior year. Utilities expenses increased by \$677,733 primarily due to increases in contractual and professional fees, debt issuance cost, and interest expense.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City’s net resources available for spending at the end of the year.

The City’s governmental funds reflect a combined fund balance of \$18,490,065. Of this, \$52,707 is nonspendable, \$7,982,410 is restricted for various purposes, \$849,307 is committed for a stabilization fund to cover potential

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

future budget shortfalls, \$1,600,000 is committed for a sound mitigation project, and \$1,441,141 is assigned for capital projects and animal control. The remaining balance of \$6,564,500 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$3,446,141 compared to the prior year, primarily due to new debt issued during the year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,564,500, while total fund balance reached \$9,066,514. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50 percent of total general fund expenditures, while total fund balance represents 69 percent of the same amount.

The debt service fund has a total fund balance of \$1,913,432, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$117,870, which is due to higher property tax revenue as a result of an increase in appraised values.

The fund balance in the capital projects fund was \$4,531,735, which is an increase of \$3,657,992 when compared to the prior year. This increase is attributed to the issuance of new debt.

Proprietary Funds – The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$1,741,459 in the general fund. However, the net change in fund balance decreased by \$375,815, resulting in a positive variance of \$1,365,644 from actual in comparison to the final amended budget. This was largely due to more than anticipated revenue.

Actual general fund revenues were more than original and amended budgeted revenues by a net \$837,225 during 2020. This net variance is primarily due to an increase in franchise fees, license and permits, fines and forfeitures, intergovernmental, sales tax and other revenue from what was anticipated.

Actual expenditures were less than original and amended budgeted expenditures by a net \$528,419 during 2020. Actual total expenditures were closely aligned with the amended budget.

CAPITAL ASSETS

At the end of the current year, the City's governmental and business-type activities had invested \$44,663,356 and \$25,634,870, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$69,184 for governmental activities and a net increase of \$3,413,353 for business-type activities.

Major capital asset events during the current year include the following:

- Completion of the Todville sewer line for \$1,143,488
- Police vehicles and related equipment for \$646,827

More detailed information about the City's capital assets is presented in note III.C of the financial statements.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$39,043,254. Of this amount, \$16,705,000 was general obligation debt, \$1,856,000 was revenue bond debt, \$16,920,000 was certificates of obligation, and the remaining \$3,562,254 was a loan from the State Infrastructure Bank.

More detailed information about the City's long-term liabilities is presented in note III.D of the financial statements.

Current underlying ratings on debt issues are as follows:

<u>Debt Type</u>	<u>Moody's Investors Services</u>	<u>Standard and Poor's</u>
General obligation bonds	Aa3	AA
Revenue bonds	Aa3	AA

COVID

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to various City functions needing to continue to run through this time. The City followed the directions of the State in relation to Municipal Court. The Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customers, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customers, staff, and the community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify plans if necessary.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council provided staff with their vision for the future of the City and specific policy guidance with which to propose the fiscal year 2021 budget. The City's general fund revenue is principally made up of property taxes, sales taxes, and franchise fees. The revenue projections for the budget are based on historical data and estimates from the finance department and individual department heads, but they have been projected conservatively.

City Council approved a general fund budget of \$14 million for the 2021 fiscal year. The 2021 budget incorporated a tax rate decrease of \$0.00837 (1.52%) to \$0.543613 per \$100 of valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Gibbs, Director of Finance, City Hall, 1700 First Street, Seabrook, TX, 77586; telephone (281) 291-5677; or for general City information, visit the City's website at www.seabrooktx.gov.

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BASIC FINANCIAL STATEMENTS

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CITY OF SEABROOK, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 18,606,543	\$ 10,420,149	\$ 29,026,692	\$ 2,797,566
Receivables, net of allowances	1,760,863	2,030,766	3,791,629	174,360
Internal balances	149,528	(149,528)	-	-
Due from primary government	-	-	-	1,420
Prepays and other assets	52,707	180	52,887	15,661
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	7,358,468	7,358,468	-
	20,569,641	19,660,035	40,229,676	2,989,007
Capital assets:				
Nondepreciable capital assets	15,360,824	9,621,622	24,982,446	-
Depreciable capital assets, net	29,302,532	16,013,248	45,315,780	-
	44,663,356	25,634,870	70,298,226	-
Total Assets	65,232,997	45,294,905	110,527,902	2,989,007
Deferred Outflows of Resources				
Deferred charge on refunding	214,743	20,843	235,586	-
Deferred outflows - pensions-TMRS	1,147,118	167,769	1,314,887	-
Deferred outflows - pensions-TRSRS	39,113	-	39,113	-
Deferred outflows - OPEB	58,519	-	58,519	-
Total Deferred Outflows of Resources	1,459,493	188,612	1,648,105	-
Liabilities				
Accounts payable and accrued liabilities	479,920	1,831,981	2,311,901	10,566
Due to component unit	1,420	-	1,420	-
Accrued bond interest	43,986	114,629	158,615	-
Noncurrent liabilities:				
Portion due within one year	1,834,638	807,691	2,642,329	-
Portion due in more than one year	22,998,024	21,643,909	44,641,933	-
Total Liabilities	25,357,988	24,398,210	49,756,198	10,566
Deferred Inflows of Resources				
Deferred inflows - pensions- TMRS	996,016	138,874	1,134,890	-
Deferred inflows - pensions-TRSRS	130	-	130	-
Deferred inflows - OPEB	14,102	-	14,102	-
Total Deferred Inflows of Resources	1,010,248	138,874	1,149,122	-
Net Position				
Net investment in capital assets	28,175,351	6,958,646	35,133,997	-
Restricted for:				
Debt service	1,913,432	591,976	2,505,408	-
Public safety	1,445,107	-	1,445,107	-
Parks	166,363	-	166,363	-
Tourism	1,213,926	-	1,213,926	-
Governmental programming	138,129	-	138,129	-
Capital projects	-	3,708,307	3,708,307	-
Economic development	-	-	-	2,978,441
Unrestricted	7,271,946	9,687,504	16,959,450	-
Total Net Position	\$ 40,324,254	\$ 20,946,433	\$ 61,270,687	\$ 2,978,441

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,680,753	\$ 669,045	\$ -	\$ -
Public safety	8,837,709	627,683	1,187,359	-
Public works	2,380,054	368,305	-	2,408
Economic development	524,516	-	-	-
Interest and fiscal agent fees	561,811	-	-	-
Total Governmental Activities	<u>15,984,843</u>	<u>1,665,033</u>	<u>1,187,359</u>	<u>2,408</u>
Business-Type Activities				
Utilities	6,754,222	8,370,924	-	2,600,228
Total Business-Type Activities	<u>6,754,222</u>	<u>8,370,924</u>	<u>-</u>	<u>2,600,228</u>
Total Primary Government	<u>\$ 22,739,065</u>	<u>\$ 10,035,957</u>	<u>\$ 1,187,359</u>	<u>\$ 2,602,636</u>
Component Unit				
Seabrook Economic Development Corp	\$ 1,292,105	\$ -	\$ 244,500	\$ -
Total Component Unit	<u>\$ 1,292,105</u>	<u>\$ -</u>	<u>\$ 244,500</u>	<u>\$ -</u>

General Revenues:

Property taxes
 Sales taxes
 Franchise fees and local taxes
 Other taxes
 Investment revenue
 Other revenues
 Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,011,708)	\$ -	\$ (3,011,708)	\$ -
(7,022,667)	-	(7,022,667)	-
(2,009,341)	-	(2,009,341)	-
(524,516)	-	(524,516)	-
(561,811)	-	(561,811)	-
<u>(13,130,043)</u>	<u>-</u>	<u>(13,130,043)</u>	<u>-</u>
-	4,216,930	4,216,930	-
-	4,216,930	4,216,930	-
<u>(13,130,043)</u>	<u>4,216,930</u>	<u>(8,913,113)</u>	<u>-</u>
-	-	-	(1,047,605)
-	-	-	(1,047,605)
7,612,682	-	7,612,682	-
2,994,232	-	2,994,232	971,726
774,672	344,369	1,119,041	-
339,016	-	339,016	-
149,979	107,906	257,885	26,128
632,640	214,811	847,451	1,160
2,084,076	(2,084,076)	-	-
<u>14,587,297</u>	<u>(1,416,990)</u>	<u>13,170,307</u>	<u>999,014</u>
1,457,254	2,799,940	4,257,194	(48,591)
<u>38,867,000</u>	<u>18,146,493</u>	<u>57,013,493</u>	<u>3,027,032</u>
<u>\$ 40,324,254</u>	<u>\$ 20,946,433</u>	<u>\$ 61,270,687</u>	<u>\$ 2,978,441</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 8,172,304	\$ 1,904,981	\$ 4,531,735	\$ 2,695,450
Receivables, net	1,415,762	81,433	-	263,668
Due from other funds	149,528	9,877	-	36,152
Prepaid items	52,707	-	-	-
Total Assets	\$ 9,790,301	\$ 1,996,291	\$ 4,531,735	\$ 2,995,270
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 397,201	\$ 1,425	\$ -	\$ 16,886
Due to other funds	46,029	-	-	-
Due to component unit	1,420	-	-	-
Due to others	64,408	-	-	-
Total Liabilities	509,058	1,425	-	16,886
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	214,729	81,434	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	52,707	-	-	-
Restricted for:				
Debt service	-	1,913,432	-	-
Public safety	-	-	-	1,445,107
Parks	-	-	-	166,363
Tourism	-	-	-	1,213,926
Governmental programming	-	-	-	138,129
Capital projects	-	-	3,105,453	-
Committed for:				
Stabilization fund	849,307	-	-	-
Sound mitigation project	1,600,000	-	-	-
Assigned for:				
Capital projects	-	-	1,426,282	-
Animal control	-	-	-	14,859
Unassigned	6,564,500	-	-	-
Total Fund Balances	9,066,514	1,913,432	4,531,735	2,978,384
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,790,301	\$ 1,996,291	\$ 4,531,735	\$ 2,995,270

See Notes to Financial Statements.

**Total
Funds**

\$ 17,304,470
1,760,863
195,557
52,707
\$ 19,313,597

\$ 415,512
46,029
1,420
64,408
527,369

296,163

52,707

1,913,432
1,445,107
166,363
1,213,926
138,129
3,105,453

849,307
1,600,000

1,426,282
14,859

6,564,500
18,490,065

\$ 19,313,597

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2020

Total fund balances - governmental funds \$ 18,490,065

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Capital assets, nondepreciable	15,360,824
Capital assets, net depreciable	28,466,028

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

296,163

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position.

Unrestricted net position	1,302,073
Net investment in capital assets	836,504

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(43,986)
Deferred charge on refunding	214,743
Deferred outflows - pensions - TMRS	1,147,118
Deferred inflows - pensions-TMRS	(996,016)
Deferred outflows - pensions-TESSRS	39,113
Deferred inflows - pensions-TESSRS	(130)
Deferred outflows - OPEB	58,519
Deferred inflows - OPEB	(14,102)
Noncurrent liabilities due in one year	(1,834,638)
Noncurrent liabilities due in more than one year	(22,998,024)

Net Position of Governmental Activities	\$ <u>40,324,254</u>
--	-----------------------------

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 5,558,037	\$ 2,043,082	\$ -	\$ -
Sales taxes	2,071,352	-	-	922,880
Franchise fees and local taxes	735,091	-	-	39,581
Other taxes	-	-	-	339,016
Licenses and permits	368,305	-	-	-
Fines and forfeitures	548,436	-	-	79,247
Charges for services	634,275	-	-	34,770
Intergovernmental	1,182,335	-	-	2,408
Investment revenue	78,076	21,122	17,343	21,873
Other revenue	423,892	-	-	208,748
Total Revenues	11,599,799	2,064,204	17,343	1,648,523
Expenditures				
Current:				
General government	3,605,905	-	-	103,848
Public safety	7,674,983	-	-	719,195
Public works	1,900,179	-	-	466
Economic development	-	-	-	520,730
Capital outlay	-	-	377,672	64,688
Debt service:				
Principal	-	1,440,000	-	-
Interest and fiscal agent fees	-	506,334	-	-
Bond issuance cost	-	-	52,737	-
Total Expenditures	13,181,067	1,946,334	430,409	1,408,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,581,268)	117,870	(413,066)	239,596
Other Financing Sources (Uses)				
Bonds issued	-	-	2,669,904	-
Premium on bonds	-	-	484,729	-
Transfers in	2,129,548	-	916,425	-
Transfers (out)	(916,425)	-	-	(201,172)
Total Other Financing Sources (Uses)	1,213,123	-	4,071,058	(201,172)
Net Change in Fund Balances	(368,145)	117,870	3,657,992	38,424
Beginning fund balances	9,434,659	1,795,562	873,743	2,939,960
Ending Fund Balances	\$ 9,066,514	\$ 1,913,432	\$ 4,531,735	\$ 2,978,384

See Notes to Financial Statements.

**Total
Funds**

\$	7,601,119
	2,994,232
	774,672
	339,016
	368,305
	627,683
	669,045
	1,184,743
	138,414
	632,640
	<hr/>
	15,329,869
	<hr/>
	3,709,753
	8,394,178
	1,900,645
	520,730
	442,360
	1,440,000
	506,334
	52,737
	<hr/>
	16,966,737
	<hr/>
	(1,636,868)
	<hr/>
	2,669,904
	484,729
	3,045,973
	(1,117,597)
	<hr/>
	5,083,009
	<hr/>
	3,446,141
	15,043,924
	<hr/>
\$	<u>18,490,065</u>

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Net changes in fund balances - total governmental funds \$ 3,446,141

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,602,255
Disposal of capital assets, net	(17,509)
Depreciation expense	(1,653,930)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Net Position.

Principal payments	1,440,000
Amortization of premium	(444,652)
Amortization of deferred charges	(37,109)
Accrued interest	(5,708)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. 11,563

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(145,663)
Net pension liability	2,043,223
Total OPEB liability	(72,363)
Change in deferred outflows - pensions-TMRS	135,259
Change in deferred inflows - pensions- TMRS	(2,367,838)
Change in deferred outflows - pensions- TESRS	15,600
Change in deferred inflows - pensions- TESRS	4,503
Change in deferred outflows - OPEB	41,941
Change in deferred inflows - OPEB	4,079

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities. 127,366

Change in Net Position of Governmental Activities \$ 1,457,254

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2020

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 10,420,149	\$ 1,302,073
Accounts receivable (net of allowance for uncollectibles)	2,030,766	-
Restricted cash and cash equivalents		-
Capital projects - impact fees	3,708,307	
Capital projects - bond proceeds	3,058,185	
Debt Service	591,976	
Prepaid expense	180	-
Total Current Assets	19,809,563	1,302,073
Noncurrent assets		
Capital assets:		
Land	1,605,575	-
Buildings	3,119,466	-
Infrastructure	22,121,952	-
Equipment	3,127,828	1,169,462
Construction in progress	8,016,047	-
Less accumulated depreciation	(12,355,998)	(332,958)
Total Capital Assets (Net)	25,634,870	836,504
Total Noncurrent Assets	25,634,870	836,504
Total Assets	\$ 45,444,433	\$ 2,138,577
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	20,843	-
Deferred outflows - pensions	167,769	-
Total Deferred Outflows of Resources	188,612	-

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2020

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Liabilities</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,178,772	\$ -
Accrued interest payable	114,629	-
Due to other funds	149,528	-
Customer deposits	653,209	-
Bonds payable - current	694,251	-
Notes payable - current	72,144	-
Compensated absences	41,296	-
	Total Current Liabilities	-
Noncurrent liabilities		
Bonds payable - noncurrent (net of premiums and discounts)	17,477,904	-
Note payable - noncurrent	3,490,110	-
Net pension liability	631,433	-
Compensated absences	44,462	-
	Total Noncurrent Liabilities	-
	Total Liabilities	-
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	138,874	-
	Total Deferred Inflows of Resources	-
<u>Net Position</u>		
Net investment in capital assets	6,958,646	836,504
Restricted for:		
Capital projects - impact fees	3,708,307	-
Debt service	591,976	-
Unrestricted net position	9,687,504	1,302,073
	Total Net Position	\$ 2,138,577

See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Operating Revenues</u>		
Water service	\$ 3,171,906	\$ -
Sewer service	2,938,466	-
Sanitation service	2,260,552	-
Franchise fees	344,369	-
Other revenue	214,811	172,781
Total Operating Revenues	8,930,104	172,781
<u>Operating Expenses</u>		
Personnel services	1,261,402	-
Supplies and materials	51,506	-
Contractual services	3,788,688	-
Repairs and maintenance	445,264	-
Depreciation	587,447	116,760
Total Operating Expenses	6,134,307	116,760
Operating Income	2,795,797	56,021
<u>Nonoperating Revenues (Expenses)</u>		
Intergovernmental revenue	2,275,183	-
Investment revenue	107,906	11,565
Interest expense and fiscal charges	(619,915)	-
Total Nonoperating Revenues (Expenses)	1,763,174	11,565
Income Before Contributions and Transfers	4,558,971	67,586
<u>Contributions and Transfers</u>		
Capital contribution - impact fees	325,045	-
Capital contribution - capital assets	-	212,680
Transfers in	37,972	193,672
Transfers (out)	(2,122,048)	(37,972)
Total Contributions and Transfers	(1,759,031)	368,380
Change in Net Position	2,799,940	435,966
Beginning net position	18,146,493	1,702,611
Ending Net Position	\$ 20,946,433	\$ 2,138,577

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 7,854,777	\$ 172,781
Payments to suppliers	(3,556,474)	-
Payments to employees	(1,240,324)	-
Net Cash Provided By Operating Activities	3,057,979	172,781
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from (to) other funds, net	(2,084,076)	155,700
Net Cash Provided (Used) by Noncapital Financing Activities	(2,084,076)	155,700
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(4,000,800)	(425,360)
Capital grant	2,275,183	-
Interest and fiscal charges	(639,774)	-
Principal paid on capital debt	(722,941)	-
Capital contribution - impact fees	325,045	212,680
Net Cash Provided (Used) by Capital and Related Financing Activities	4,822,397	(212,680)
<u>Cash Flows from Investing Activities</u>		
Interest on investments	107,906	11,565
Net Cash Provided by Investing Activities	107,906	11,565
Net Increase in Cash and Cash Equivalents	5,904,206	127,366
Cash and cash equivalents, beginning of year	11,874,411	1,174,707
Ending Cash and Cash Equivalents	\$ 17,778,617	\$ 1,302,073
Ending Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 10,420,149	\$ 1,302,073
Restricted cash and cash equivalents	7,358,468	-
Ending Cash and Cash Equivalents	\$ 17,778,617	\$ 1,302,073

CITY OF SEABROOK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
Reconciliation of Operating Income (Loss)		
to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,795,797	\$ 56,021
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	587,447	116,760
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(1,075,327)	-
Prepays	80	-
Deferred outflows - pensions	(13,381)	-
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	443,389	-
Compensated absences	(13,428)	-
Customer deposits	38,125	-
Net pension liability	(298,949)	-
Deferred inflows - pensions	346,836	-
	Net Cash Provided by Operating Activities	\$ 172,781
	\$ 3,057,979	\$ 172,781

See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Seabrook, Texas (the “City”) was incorporated on October 14, 1961 and adopted the “Home Rule Charter” on August 11, 1979, pursuant to the laws of the State of Texas (the “State”) which provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units as listed below, although legally separate, are considered part of the reporting entity. No other entities, organizations, or functions have been included as part of the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Seabrook Economic Development Corporation

Seabrook Economic Development Corporation (the “SEDC”) has been included in the reporting entity as a discretely presented component unit. The SEDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors (the “Board”) is appointed by, and serves at the discretion of, the City Council. The

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

SEDC's Board is comprised of the Mayor, a City Council member, and five members who are not employees or City officials, all of whom are appointed by City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the SEDC shall be conveyed to the City. The operations of the SEDC are presented as a governmental fund type. Separate financial statements of the SEDC may be obtained from the finance department of the City.

Blended Component Unit

Crime Control and Prevention District

The Seabrook Crime Control and Prevention District (the "District") has been included in the reporting entity as a blended component unit. The District was created by the City under the authority granted by Chapter 36 of the Texas Local Government Code and Section 323.105 of the Texas Tax Code for the purpose of strengthening and enhancing crime control activities of the City. Management of the City has operational responsibility for the component unit. The District provides services exclusively to the City.

An election was held on May 7, 2005 approving the creation of the District and the collection of a one-half cent sales tax to fund its operations, effective on October 1, 2005.

The Board of Directors (the "Board") is substantively the same as City Council. Their respective positions on the Board will be held until their City Council seat is vacated, at which time the incoming elected member of City Council will fill the position on the Board. The District was to remain in existence for a period of five years and may then be extended upon approval by the voters. On May 8, 2010, voters approved the renewal of the District for a period of 20 years. In the event of dissolution, net position of the District shall be conveyed to the City.

The District is reported as a special revenue fund and does not issue separate financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City’s funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, and public works. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection and the construction of related facilities. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), and other City funds.

Additionally, the City reports the following fund type:

The *internal service fund* accounts for fleet management provided to other departments on a cost-reimbursement basis.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and cash equivalents."

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	50 years
Machinery and equipment	5 to 25 years
Water and sewer system	40 to 50 years
Infrastructure	10 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

Employees earn vacation based on years of service with the City. Amounts accumulated may be paid to employees upon termination of employment or during employment. Employees must take vacation within 12 months after earning it. Vacation not taken within 12 months after earning may be accumulated from one year to the next, not to exceed 240 hours.

Sick leave and long-term disability are not accrued but recognized when paid, since no liability exists upon termination of employment, with the exception of Civil Service employees. Civil Service personnel are compensated for accrued sick leave for up to 90 days upon termination of employment.

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City strives to maintain an unassigned fund balance equivalent to 25 percent of budgeted expenditures, based on current year expenditures. The purpose of the unassigned fund balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to adjust budget resources in the subsequent fiscal years to restore the balance.

The City approved an ordinance to establish a stabilization fund to supplement the budget and to compensate for the potential loss of revenue caused by the future construction on State Highway (SH) 146. The stabilization fund will be used to afford the City one budget year to assess the impact of SH 146 expansion and construction, allowing the City to adjust services, personnel, and operations to cover any operating deficit due to business and/or property losses. It is the City's policy that City

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Council may commit fund balance for this purpose since this potential revenue shortfall is outside the normal course of the City's operations.

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2020. The hotel/motel occupancy tax fund, municipal court programs fund, park improvement fees fund, crime control and prevention district fund, public safety programs fund, and cable PEG fees fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 37,313,875	0.09
Total	\$ 37,313,875	
Portfolio weighted average maturity		0.09

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than “A” or “AAAm,” or an equivalent rating by at least one nationally recognized rating service. Investments in SEC-registered and regulated money market mutual funds must have an investment quality not less than “AAA-,” or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2020, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

deposit at the depository bank to be collateralized by securities. As of September 30, 2020, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rates TexPool ‘AAAm’. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool’s liquidity.

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the nonmajor governmental funds in the aggregate, and the component unit, including the applicable allowances for uncollectible accounts.

Governmental Funds

	General	Debt Service	Nonmajor	Component Unit
Property taxes	\$ 359,743	\$ 137,729	\$ -	\$ -
Sales taxes	348,660	-	163,985	174,360
Franchise fees	61,893	-	9,673	-
Other taxes	37,766	-	81,705	-
Other receivables	752,714	-	8,305	-
Less allowance	(145,014)	(56,296)	-	-
	<u>\$ 1,415,762</u>	<u>\$ 81,433</u>	<u>\$ 263,668</u>	<u>\$ 174,360</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable - general fund	\$ 214,729
Delinquent property taxes receivable - debt service fund	81,434
Total	\$ 296,163

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year end is as follows:

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,607,316	\$ 240,868	\$ -	\$ 14,848,184
Construction in progress	736,272	6,195	(229,827)	512,640
Total capital assets not being depreciated	15,343,588	247,063	(229,827)	15,360,824
Other capital assets:				
Infrastructure	24,819,226	695,168	-	25,514,394
Buildings and improvements	19,247,722	-	-	19,247,722
Machinery and equipment	9,818,349	889,851	(108,719)	10,599,481
Total other capital assets	53,885,297	1,585,019	(108,719)	55,361,597
Less accumulated depreciation for:				
Infrastructure	(12,034,380)	(506,793)	-	(12,541,173)
Buildings and improvements	(5,792,720)	(485,956)	13,337	(6,265,339)
Machinery and equipment	(6,669,245)	(661,181)	77,873	(7,252,553)
Total accumulated depreciation	(24,496,345)	(1,653,930)	91,210	(26,059,065)
Other capital assets, net	29,388,952	(68,911)	(17,509)	29,302,532
Governmental Activities Capital Assets, Net	\$ 44,732,540	\$ 178,152	\$ (247,336)	44,663,356
			Plus deferred loss on refunding	214,743
			Plus unspent bond proceeds	3,105,453
			Less associated debt	(19,808,201)
			Net Investment in Capital Assets	\$ 28,175,351

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Depreciation was charged to governmental functions as follows:

General government	\$	432,671
Public safety		420,031
Public works		801,228
Total Governmental Activities Depreciation Expense	\$	<u>1,653,930</u>

Construction in progress and remaining commitments under related construction contracts for governmental activities at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Old Seabrook	\$ 750,000	\$ 505,998	\$ 244,002
Department of Transportation weigh station	326,294	6,642	319,652
	<u>\$ 1,076,294</u>	<u>\$ 512,640</u>	<u>\$ 563,654</u>

A summary of changes in capital assets for business-type activities for the year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,605,575	\$ -	\$ -	\$ 1,605,575
Construction in progress	6,207,425	3,221,610	(1,412,988)	8,016,047
Total capital assets not being depreciated	<u>7,813,000</u>	<u>3,221,610</u>	<u>(1,412,988)</u>	<u>9,621,622</u>
Other capital assets:				
Water and sewer system	20,081,226	2,040,726	-	22,121,952
Buildings and improvements	3,119,466	-	-	3,119,466
Machinery and equipment	2,976,376	151,452	-	3,127,828
Total other capital assets	<u>26,177,068</u>	<u>2,192,178</u>	<u>-</u>	<u>28,369,246</u>
Less accumulated depreciation for:				
Water and sewer system	(7,540,564)	(402,548)	-	(7,943,112)
Buildings and improvements	(2,092,138)	(63,723)	-	(2,155,861)
Machinery and equipment	(2,135,849)	(121,176)	-	(2,257,025)
Total accumulated depreciation	<u>(11,768,551)</u>	<u>(587,447)</u>	<u>-</u>	<u>(12,355,998)</u>
Other capital assets, net	14,408,517	1,604,731	-	16,013,248
Business-Type Activities Capital Assets, Net	<u>\$ 22,221,517</u>	<u>\$ 4,826,341</u>	<u>\$ (1,412,988)</u>	<u>25,634,870</u>
			Plus unspent bond proceeds	3,058,185
			Less associated debt	(21,734,409)
			Net Investment in Capital Assets	<u>\$ 6,958,646</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$	587,447
Total Business-Type Activities Depreciation Expense	\$	<u>587,447</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Construction in progress and remaining commitments under related construction contracts for proprietary fund projects at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Thoroughfare	\$ 6,300	\$ 6,300	\$ -
Pine Gully treatment plant	4,082,317	3,660,043	422,274
SH146 utility relocation	4,100,971	4,065,172	35,799
SCADA	275,577	244,300	31,277
Chloramine conversion	240,375	40,232	200,143
	<u>\$ 8,705,540</u>	<u>\$ 8,016,047</u>	<u>\$ 689,493</u>

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Direct borrowings/placements:					
General obligation bonds	\$ 9,965,000	\$ -	\$ (1,115,000)	\$ 8,850,000	\$ 1,150,000
Certificates of obligation	540,000	-	(60,000)	480,000	65,000
Bonds, notes, and other payables:					
Certificates of obligation	-	2,669,904	-	2,669,904	11,749
General obligation bonds	7,395,000	-	(265,000)	7,130,000	265,000
Deferred amounts:					
For issuance discounts/premiums	233,645	484,729	(40,077)	678,297	-
	<u>18,133,645</u>	<u>3,154,633</u>	<u>(1,480,077)</u>	<u>19,808,201</u>	<u>1,491,749</u>
Other liabilities:					
Net pension liability - TMRS	5,560,761	-	(2,070,695)	3,490,066	-
Net pension liability - TESRS	79,674	27,472	-	107,146	-
Total OPEB liability	256,823	72,363	-	329,186	-
Compensated absences	952,400	431,301	(285,638)	1,098,063	342,889
Total Governmental Activities	<u>\$ 24,983,303</u>	<u>\$ 3,685,769</u>	<u>\$ (3,836,410)</u>	<u>\$ 24,832,662</u>	<u>\$ 1,834,638</u>

Long-term debt due in more than one year \$ 22,998,024

***Debt associated with governmental activities capital assets** \$ 19,808,201

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Direct borrowings/placements:					
Note - State loan	\$ 3,632,195	\$ -	\$ (69,941)	\$ 3,562,254	\$ 72,144
Revenue bonds	2,039,000	-	(183,000)	1,856,000	191,000
General obligation bonds	865,000	-	(140,000)	725,000	140,000
Certificates of obligation	2,060,000	-	(155,000)	1,905,000	155,000
Bonds, notes, and other payables:					
Certificates of obligation	5,620,000	6,420,096	(175,000)	11,865,096	208,251
Deferred amounts:					
For issuance discounts/premiums	749,440	1,165,588	(93,969)	1,821,059	-
	<u>14,965,635</u>	<u>7,585,684</u>	<u>(816,910)</u>	<u>21,734,409</u>	<u>* 766,395</u>
Other liabilities:					
Net pension liability	930,382	-	(298,949)	631,433	-
Compensated absences	99,186	55,501	(68,929)	85,758	41,296
Total Business-Type Activities	<u>\$ 15,995,203</u>	<u>\$ 7,641,185</u>	<u>\$ (1,184,788)</u>	<u>\$ 22,451,600</u>	<u>\$ 807,691</u>

Long-term debt due in more than one year \$ 21,643,909

***Debt associated with business-type activities capital assets** \$ 21,734,409

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension liabilities, and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation and general obligation bonds that are secured by the full faith and credit of the City and are paid from taxes levied on all taxable property located within the City.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The following is a summary of the terms of general obligation bonds, certificates of obligation, and revenue bonds outstanding as of September 30, 2020:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2003	4.40%	\$ 1,775,000
Series 2013 refunding	1.86%	2,435,000
Series 2015	2.00-3.25%	7,130,000
Series 2017 refunding	1.96%	4,640,000
Total General Obligation Bonds		15,980,000
Certificates of Obligation		
Series 2010	3.642%	480,000
Series 2020	2.00-4.00%	2,669,904
Total Certificates of Obligation		3,149,904
Total Governmental Activities Long-Term Debt		\$ 19,129,904
<u>Business-Type Activities</u>		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 725,000
Total General Obligation Bonds		725,000
Certificates of Obligation		
Series 2016	2.13%	1,905,000
Series 2016A	2.00%	5,445,000
Series 2020	2.00-4.00%	6,420,096
Total Certificates of Obligation		13,770,096
Revenue Bonds		
Series 2003 refunding	4.45%	705,000
Series 2008	4.12%	1,151,000
Total Revenue Bonds		1,856,000
State Loan		
State Infrastructure Bank Loan 2018	3.15%	\$ 3,562,254
Total State Loan		3,562,254
Total Business-Type Activities Long-Term Debt		\$ 19,913,350

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Annual debt service requirements to retire outstanding obligations and direct borrowings are as follows:

Year Ending	Governmental Activities				Business-Type Activities			
	Direct borrowings/placement:		Government-Type Activities		Direct borrowings/placement:		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,215,000	\$ 231,817	\$ 276,749	\$ 317,250	\$ 558,144	\$ 243,929	\$ 208,251	\$ 459,137
2022	1,250,000	199,449	276,749	311,716	574,416	227,417	213,251	454,972
2023	1,290,000	165,951	276,749	306,181	677,460	208,911	218,251	448,857
2024	1,320,000	131,318	288,217	299,320	701,735	188,540	226,783	442,592
2025	1,355,000	95,735	296,749	292,182	723,176	167,412	228,251	436,106
2026-2030	2,900,000	88,918	3,187,472	1,277,257	2,704,688	511,173	2,467,528	2,007,168
2031-2035	-	-	4,158,924	574,085	1,332,853	218,465	3,781,076	1,362,894
2036-2040	-	-	1,038,295	126,358	775,783	37,161	4,151,704	581,442
2041-2042	-	-	-	-	-	-	370,000	14,800
Total	\$ 9,330,000	\$ 913,188	\$ 9,799,904	\$ 3,504,349	\$ 8,048,255	\$ 1,803,008	\$ 11,865,095	\$ 6,207,968

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General fund	Utility enterprise fund	149,528
Debt service	General	\$ 9,877
Nonmajor governmental	General	36,152
	Total	\$ 195,557

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary government funds during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General	Capital projects	916,425
Nonmajor governmental	General	7,500
Nonmajor governmental	Internal service	193,672
Internal service	Utility	37,972
Utility	General	2,122,048
	Total	\$ 3,277,617

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For the Year Ended September 30, 2020

Transfers to the general fund from the utility fund were subsidies for administrative expenditures. Other transfers between funds are utilized to move unrestricted fund revenues to finance various programs that must be accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for grant programs and governmental expenditures.

F. Restricted Assets

The utility enterprise fund has restricted certain cash and investments for customer deposits and construction.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's (TML) Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City also provides workers' compensation insurance through the TML Workers' Compensation Fund (the "Fund"). Workers' compensation premiums are subject to change when audited by the Fund. At September 30, 2020, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to various City functions needing to continue to run through this time. The City followed the directions of the State in relation to Municipal Court. The Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customers, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customers and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship

CITY OF SEABROOK, TEXAS
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For the Year Ended September 30, 2020

and have increased expenses, such increase are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customers, staff and community as a whole, but to date the overall exposure threat level has been sufficiently low to continue with open doors; however the City is ready to modify plans if necessary.

C. Prior Period Adjustment

Governmental activities beginning net position has been restated to recognize a pension liability for benefits provided to volunteer firefighters through the state wide Texas Emergency Services Retirement System (TESRS).

	Governmental Activities
Beginning net position-as reported	\$ 38,927,794
Net pension liability - TESRS	(79,674)
Deferred outflows - TESRS	23,513
Deferred inflows - TESRS	(4,633)
Beginning net position - restated	\$ 38,867,000

D. Pension Plan

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member’s deposits and interest.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>2020</u>	<u>2019</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20 100% Repeating	60/5, 0/20 100% Repeating
Updated service credit	Transfers	Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to, but not yet receiving, benefits	39
Active employees	<u>109</u>
Total	<u><u>227</u></u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rate for the City was 15.88 percent and 15.57 percent in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$1,244,320, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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NOTES TO FINANCIAL STATEMENTS (Continued)
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Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a four-year set-forward for males and three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 1,154,034	\$ -	\$ 1,154,034
Interest	2,495,569	-	2,495,569
Changes in current period benefits	-	-	-
Difference between expected and actual experience	181,638	-	181,638
Changes in assumptions	121,784	-	121,784
Contributions - employer	-	1,081,777	(1,081,777)
Contributions - employee	-	486,348	(486,348)
Net investment income	-	4,782,392	(4,782,392)
Benefit payments, including refunds of employee contributions	(2,094,707)	(2,094,707)	-
Administrative expense	-	(27,037)	27,037
Other changes	-	(812)	812
Net Changes	1,858,318	4,227,962	(2,369,644)
Balance at December 31, 2018	37,441,724	30,950,581	6,491,143
Balance at December 31, 2019	\$ 39,300,042	\$ 35,178,543	\$ 4,121,499

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 9,283,338	\$ 4,121,499	\$ (170,497)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2020, the City recognized net pension expense of \$1,440,422.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 290,993	\$ 34,247
Changes in actuarial assumptions	94,661	-
Difference between projected and actual investment earnings	4,988	1,100,643
Contributions subsequent to the measurement date	924,245	-
Total	\$ 1,314,887	\$ 1,134,890

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

\$924,245 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u> <u>September 30:</u>	<u>Pension</u> <u>Expense</u>
2021	\$ (173,883)
2022	(238,279)
2023	173,444
2024	(505,530)
Total	<u>\$ (744,248)</u>

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by TESRS and established and administered by the State to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2019, there were 237 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2019, TESRS’s membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,649
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,842
Active Participants (Vested and Nonvested)	3,702

Pension Plan Fiduciary Net Position

Detailed information about TESRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees (the “Board”) authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the

CITY OF SEABROOK, TEXAS
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For the Year Ended September 30, 2020

rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit increases.

On- and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be two percent of the Part One contributions beginning September 1, 2017.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

A small subset of participating departments has a different contribution arrangement that is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2019, total contributions (dues, prior service, and interest on prior service financing) of \$16,934 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2019 to TESRS as a whole.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Actuarial Assumptions

The TPL in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

Actuarial Assumptions:

Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation At	3.00%
Cost-of-Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.22 percent for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Equities		
Large cap domestic	32.00%	5.81%
Small cap domestic	15.00%	5.92%
Developed international	15.00%	6.21%
Emerging markets	5.00%	7.18%
Master limited partnership	5.00%	7.61%
Real estate	5.00%	4.46%
Fixed income	23.00%	1.61%
Cash	0.00%	0.00%
Total	<u><u>100.00%</u></u>	
Weighted average		5.01%

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2019 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, TESRS'S fiduciary net

CITY OF SEABROOK, TEXAS
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For the Year Ended September 30, 2020

position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Discount Rate Sensitivity Analysis

The following presents the NPL of the City, calculated using the discount rate of 7.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the NPL:	\$ 190,436	\$ 107,146	\$ 51,394

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the City reported a liability of \$107,146 for its proportionate share of the TESRS's NPL. This liability reflects a reduction for State pension support provided to the City.

The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$ 107,146
State's proportionate share that is associated with the City*	31,782
Total	\$ 138,928

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective NPL.*

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2019. GASB Statement No. 68 requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this twelve-month period, the City elected to honor the conservatism principle and report a NPL measured as of August 31, 2019. The City used the assumption that any differences in the NPL measured as of August 31, 2019 versus September 30, 2019 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the City's proportion of the collective NPL was 0.378 percent, which was an increase of 0.010% percent from its proportion measured as of August 31, 2018.

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

For the year ended September 30, 2020, the City recognized pension expense of \$25,389. The City recognized on-behalf revenues of \$5,024 calculated by taking the State’s total contributions to TESRS multiplied by the City’s proportionate share.

At September 30, 2020, the City reported its proportionate share of the TESRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 13,798	\$ -
Changes in assumptions	-	-
Difference between expected and actual experience	-	130
Contributions paid to TESRS subsequent to the measurement date	25,315	-
Total	\$ 39,113	\$ 130

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended September 30	Pension Expense
2021	2,909
2022	1,525
2023	3,391
2024	5,843
Total	\$ 13,668

E. Other Postemployment Benefits

TMRS – Supplemental Death Benefit

Plan Description

The City participates an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer’s yearly contributions for retirees.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
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The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to, but not yet receiving, benefits	3
Active employees	109
Total	167

Total OPEB Liability

The City's total OPEB liability of \$329,186 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	10,422
Interest		9,683
Differences between expected and actual experience		888
Changes of assumptions		53,454
Benefit payments*		<u>(2,084)</u>
Net Changes		72,363
Beginning balance		<u>256,823</u>
Ending Balance	\$	<u>329,186</u>

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	<u>\$ 402,596</u>	<u>\$ 329,186</u>	<u>\$ 272,217</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$28,708. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 56,773	\$ 13,583
Difference between expected and actual experience	-	519
Contributions subsequent to the measurement date	<u>1,746</u>	<u>-</u>
Total	<u>\$ 58,519</u>	<u>\$ 14,102</u>

\$1,746 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction the of total OPEB liability for the fiscal year ending September 30, 2021.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended</u> <u>September 30:</u>	<u>OPEB</u> <u>Expense</u>
2021	\$ 8,603
2022	8,603
2023	8,603
2024	6,776
2025	7,014
Thereafter	3,072
Total	<u>\$ 42,671</u>

F. Tax Abatements and Economic Incentives

The City and SEDC, have authority under Texas Local Government Code, Chapters 380 and 505, to adopt programs that promote local economic development, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base of the City. These programs may abate or rebate property taxes and sales taxes that are paid by the recipient. The programs may also include incentive payments or reductions in fees that are not tied to taxes. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses into the City. Agreements generally contain recapture provisions which mandate repayment or termination if recipients do not meet the required provisions of the economic incentives.

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or the Corporation. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. As of fiscal year 2020, the Corporation has granted the following incentive agreements:

The Corporation agreed to rebate one-half of one percent sales tax payable to Corporation collected from The Asparagus Group, LLC in an amount not to exceed \$100,000, or for a period of up to ten years, whichever occurs first. During fiscal year 2020, the Corporation rebated \$18,914 in sales tax paid by The Asparagus Group, LLC.

The Corporation agreed to rebate the amount of Corporation tax paid by Merloaded, LLC relating to a restaurant in an amount not to exceed \$40,000, or for a period of up to ten years, whichever occurs first. During fiscal year 2020, the Corporation rebated \$4,458 in sales taxes paid by Merloaded, LLC.

The Corporation agreed to rebate the amount of Corporation sales tax paid by Mario’s Pizza relating to the restaurant in an amount not to exceed \$74,813, for a period of up to ten years after Mario’s Pizza completes relocation. During fiscal year 2020, the Corporation rebated \$6,922 in sales taxes paid by Mario’s Pizza.

The Corporation and the City agreed to rebate the amount of Corporation and City sales tax paid by Americano’s Café in an amount not to exceed \$34,250, or for a period of up to five years, whichever occurs first. During the fiscal year 2020, the Corporation and City rebated \$1,445 in sales taxes paid by Americano’s Café.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2019 Actual
Revenues					
Property taxes	\$ 5,621,224	\$ 5,621,224	\$ 5,558,037	\$ (63,187)	\$ 5,104,758
Sales taxes	1,922,538	1,922,538	2,071,352	148,814	1,947,035
Franchise fees	708,750	708,750	735,091	26,341	792,656
Licenses and permits	275,000	275,000	368,305	93,305	291,126
Fines and forfeitures	444,100	444,100	548,436	104,336	510,511
Charges for services	830,899	830,899	634,275	(196,624)	414,035
Intergovernmental	274,293	305,293	1,182,335	877,042	432,945
Investment revenue	258,000	258,000	70,406	(187,594)	201,806
Other revenue	663,100	389,100	423,892	34,792	58,332
Total Revenues	10,997,904	10,754,904	11,592,129	837,225	9,753,204
Expenditures					
General government:					
Legislative	285,497	294,085	294,085	-	245,921
Administrative	1,337,316	1,337,316	1,291,258	46,058	1,210,583
Information technology	412,491	412,491	383,219	29,272	429,353
Nondepartmental	953,473	1,207,292	1,067,227	140,065	967,714
Community development	573,802	573,802	570,116	3,686	551,919
Total general government	3,562,579	3,824,986	3,605,905	219,081	3,405,490
Public safety:					
Public safety	6,115,263	6,175,629	6,175,629	-	4,625,080
Emergency management	221,995	221,995	201,244	20,751	157,871
Animal control	194,633	194,633	181,050	13,583	184,852
DOT-CVE	308,806	308,806	264,515	44,291	294,738
Municipal court	472,227	472,227	416,682	55,545	379,083
Hurricane Harvey	-	435,863	435,863	-	120
Total public safety	7,312,924	7,809,153	7,674,983	134,170	5,641,744
Public works:					
Parks	857,261	858,261	801,901	56,360	798,363
Public works	1,443,161	1,217,086	1,098,278	118,808	1,262,162
Total public works	2,300,422	2,075,347	1,900,179	175,168	2,060,525
Total Expenditures	13,175,925	13,709,486	13,181,067	528,419	11,107,759
(Deficiency) of Revenues					
(Under) Expenditures					
	(2,178,021)	(2,954,582)	(1,588,938)	1,365,644	(1,354,555)

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
<u>Other Financing Sources (Uses)</u>					
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 496,578
Transfers in	2,129,548	2,129,548	2,129,548	-	1,690,080
Transfers (out)	<u>(916,425)</u>	<u>(916,425)</u>	<u>(916,425)</u>	-	<u>(350,745)</u>
Total Other Financing Sources	<u>1,213,123</u>	<u>1,213,123</u>	<u>1,213,123</u>	-	<u>1,835,913</u>
Net Change in Fund Balance	<u>\$ (964,898)</u>	<u>\$ (1,741,459)</u>	<u>(375,815)</u>	<u>\$ 1,365,644</u>	<u>\$ 481,358</u>
Beginning fund balance			<u>8,593,022</u>		
Ending Fund Balance			<u>\$ 8,217,207</u>		

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Reconciliation of general fund balance to fund financial statements:

Net effect of subfunds within the general fund without appropriated budgets	849,307
	<u>\$ 9,066,514</u>

CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 868,525	\$ 848,138	\$ 969,041	\$ 1,025,430
Interest (on the total pension liability)	2,004,153	2,088,380	2,164,619	2,286,065
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(201,421)	189,720	475,863	(97,278)
Change in assumptions	-	570,417	-	-
Benefit payments, including refunds of employee contributions	(1,487,513)	(1,428,117)	(1,617,253)	(2,059,777)
Net Change in Total Pension Liability	1,183,744	2,268,538	1,992,270	1,154,440
Beginning total pension liability	28,940,249	30,123,993	32,392,531	34,384,801
Ending Total Pension Liability	<u>\$ 30,123,993</u>	<u>\$ 32,392,531</u>	<u>\$ 34,384,801</u>	<u>\$ 35,539,241</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 807,068	\$ 759,316	\$ 807,730	\$ 954,625
Contributions - employee	413,007	379,116	412,107	434,767
Net investment income	1,513,501	40,850	1,852,069	3,996,792
Benefit payments, including refunds of employee contributions	(1,487,513)	(1,428,117)	(1,617,253)	(2,059,777)
Administrative expense	(15,799)	(24,879)	(20,918)	(20,714)
Other	(1,299)	(1,229)	(1,127)	(1,050)
Net Change in Plan Fiduciary Net Position	1,228,965	(274,943)	1,432,608	3,304,643
Beginning plan fiduciary net position	26,452,831	27,681,796	27,406,853	28,839,461
Ending Plan Fiduciary Net Position	<u>\$ 27,681,796</u>	<u>\$ 27,406,853</u>	<u>\$ 28,839,461</u>	<u>\$ 32,144,104</u>
Net Pension Liability	<u>\$ 2,442,197</u>	<u>\$ 4,985,678</u>	<u>\$ 5,545,340</u>	<u>\$ 3,395,137</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.89%	84.61%	83.87%	90.45%
Covered Payroll	\$ 5,413,615	\$ 5,415,949	\$ 5,887,247	\$ 6,210,964
Net Pension Liability as a Percentage of Covered Payroll	45.11%	92.06%	94.19%	54.66%

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

Measurement Year*	
2018	2019
\$ 1,039,984	\$ 1,154,034
2,378,239	2,495,569
-	-
136,392	181,638
-	121,784
(1,652,132)	(2,094,707)
1,902,483	1,858,318
35,539,241	37,441,724
\$ 37,441,724	\$ 39,300,042
\$ 1,001,258	\$ 1,081,777
439,538	486,348
(962,606)	4,782,392
(1,652,132)	(2,094,707)
(18,609)	(27,037)
(972)	(812)
(1,193,523)	4,227,962
32,144,104	30,950,581
\$ 30,950,581	\$ 35,178,543
\$ 6,491,143	\$ 4,121,499
82.66%	89.51%
\$ 6,257,427	\$ 6,947,829
103.74%	59.32%

CITY OF SEABROOK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 873,965	\$ 766,607	\$ 789,851	\$ 920,301
Contributions in relation to the actuarially determined contribution	<u>(873,965)</u>	<u>(766,607)</u>	<u>(789,851)</u>	<u>(920,301)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,484,642	\$ 5,414,848	\$ 5,719,105	\$ 6,167,712
Contributions as a percentage of covered payroll	15.93%	14.16%	13.81%	14.92%

*Only seven years of information is currently available. The City will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*		
2018	2019	2020
\$ 976,004	\$ 1,046,439	\$ 1,244,320
<u>(976,004)</u>	<u>(1,046,439)</u>	<u>(1,244,320)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,178,270	\$ 6,670,165	\$ 7,875,897
15.80%	15.69%	15.80%

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CITY OF SEABROOK, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2020

	<u>Measurement Year*</u>	
	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.368%	0.378%
City's proportionate share of the net pension liability	\$ 79,674	\$ 107,146
State's proportionate share of the net pension liability	22,112	31,782
Total	<u>\$ 101,786</u>	<u>\$ 138,928</u>
Number of active members**	40	52
City's net pension liability per active member	\$ 1,992	\$ 2,061
Plan fiduciary net position as a percentage of the total pension liability	84.30%	80.20%

*Only two years of information is currently available. The City will build this schedule over the next eight-year period.

**There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

1. *Changes in benefit terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

2. *Changes in assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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CITY OF SEABROOK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2020

	<u>Fiscal Year*</u>	
	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 23,194	\$ 25,315
Contributions in relation to the contractually required contribution	<u>23,194</u>	<u>25,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	40	52
Contributions per active member	\$ 580	\$ 487

*Only two years of information is currently available. The City will build this schedule over the next eight-year period.

**There is no compensation for active members. Number of active members is used instead.

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CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
For the Year Ended September 30, 2020

	Measurement Year*		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 9,316	\$ 10,638	\$ 10,422
Interest (on the total pension liability)	8,566	8,777	9,683
Difference between expected and actual experience	-	(1,835)	888
Change in assumptions	21,889	(19,676)	53,454
Benefit payments	(1,863)	(1,877)	(2,084)
Net Change in Total OPEB Liability	<u>37,908</u>	<u>(3,973)</u>	<u>72,363</u>
Beginning total OPEB liability	222,888	260,796	256,823
Ending Total OPEB Liability	<u><u>\$ 260,796</u></u>	<u><u>\$ 256,823</u></u>	<u><u>\$ 329,186</u></u>
Covered Payroll	\$ 6,210,964	\$ 6,257,427	\$ 6,947,829
Total OPEB Liability as a Percentage of Covered Payroll	4.20%	4.10%	4.74%

*Only three years of information are currently available. The City will build this schedule over the next seven-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
Revenues					
Property taxes	\$ 2,139,238	\$ 2,139,238	\$ 2,043,082	\$ (96,156)	\$ 1,884,255
Investment revenue	70,111	70,111	21,122	(48,989)	61,265
Total Revenues	<u>2,209,349</u>	<u>2,209,349</u>	<u>2,064,204</u>	<u>(145,145)</u>	<u>1,945,520</u>
Expenditures					
Debt service:					
Principal	1,440,000	1,440,000	1,440,000	-	1,410,000
Interest and fiscal agent fees	488,950	506,334	506,334	-	525,677
Total Expenditures	<u>1,928,950</u>	<u>1,946,334</u>	<u>1,946,334</u>	<u>-</u>	<u>1,935,677</u>
Net Change in Fund Balance	<u>\$ 280,399</u>	<u>\$ 263,015</u>	117,870	<u>\$ (145,145)</u>	<u>\$ 9,843</u>
Beginning fund balance			<u>1,795,562</u>		
Ending Fund Balance			<u>\$ 1,913,432</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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CITY OF SEABROOK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects.

Hotel/Motel Occupancy Tax Fund

This fund is used to account for revenues generated from a hotel and motel occupancy tax and expenditures for improvements that serve the purpose of attracting visitors and tourists.

Municipal Court Programs Fund

This fund is used to account for municipal court revenue from court fines and fees that are legally restricted to be used for child safety, court security, judicial efficiency, and court technology programs.

Park Improvement Fees Fund

This fund is used to account for the collection of fees to be used for park improvement activities.

Crime Control and Prevention District Fund

This fund is used to account for revenues derived from a special sales tax collected and restricted to maintain and expand police department programs that will deliver a higher quality of service to Seabrook citizens while aiding in the prevention and control of crime.

Public Safety Programs Fund

This fund is used to account for expenditures for various public safety projects funded primarily through grants and contributions.

Cable PEG Fees Fund

This fund is used to account for cable fees collected to provide public, educational, and governmental (PEG) programming to its citizens.

Animal Control Fund

This fund is used to account for the operations of the City's animal control department and for the purchase and repair of equipment and facilities used in animal control.

CITY OF SEABROOK, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

Special Revenue Funds

	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
<u>Assets</u>				
Cash and cash equivalents	\$ 1,134,176	\$ 73,617	\$ 167,399	\$ 766,014
Receivables, net	81,705	-	-	163,985
Due from other funds	-	-	-	36,152
	Total Assets	\$ 73,617	\$ 167,399	\$ 966,151
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,955	\$ 2,509	\$ 1,036	\$ 9,463
	Total Liabilities	2,509	1,036	9,463
Fund balances:				
Restricted for:				
Public safety	-	71,108	-	956,688
Parks	-	-	166,363	-
Tourism	1,213,926	-	-	-
Governmental programming	-	-	-	-
Assigned	-	-	-	-
	Total Fund Balances	71,108	166,363	956,688
	Total Liabilities and Fund Balances	\$ 73,617	\$ 167,399	\$ 966,151

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ 409,006	\$ 130,379	\$ 14,859	\$ 2,695,450
8,305	9,673	-	263,668
-	-	-	36,152
<u>\$ 417,311</u>	<u>\$ 140,052</u>	<u>\$ 14,859</u>	<u>\$ 2,995,270</u>
\$ -	\$ 1,923	\$ -	\$ 16,886
-	1,923	-	16,886
417,311	-	-	1,445,107
-	-	-	166,363
-	-	-	1,213,926
-	138,129	-	138,129
-	-	14,859	14,859
<u>417,311</u>	<u>138,129</u>	<u>14,859</u>	<u>2,978,384</u>
<u>\$ 417,311</u>	<u>\$ 140,052</u>	<u>\$ 14,859</u>	<u>\$ 2,995,270</u>

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

Special Revenue Funds

	<u>Hotel and Motel Occupancy Tax</u>	<u>Municipal Court Programs</u>	<u>Park Improvement Fees</u>	<u>Crime Control and Prevention District</u>
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 922,880
Franchise fees	-	-	-	-
Hotel occupancy tax	339,016	-	-	-
Fines and forfeitures	-	29,287	-	-
Charges for services	-	-	34,770	-
Intergovernmental	-	-	-	-
Investment revenue	9,933	356	1,289	6,127
Other revenue	101,343	-	-	1,000
Total Revenues	<u>450,292</u>	<u>29,643</u>	<u>36,059</u>	<u>930,007</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	15,204	-	687,279
Public works	-	-	-	-
Economic development	507,293	-	13,437	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>507,293</u>	<u>15,204</u>	<u>13,437</u>	<u>687,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,001)</u>	<u>14,439</u>	<u>22,622</u>	<u>242,728</u>
Other Financing Sources (Uses)				
Transfers (out)	-	(7,500)	-	(193,672)
Total Other Financing (Uses)	<u>-</u>	<u>(7,500)</u>	<u>-</u>	<u>(193,672)</u>
Net Change in Fund Balances	(57,001)	6,939	22,622	49,056
Beginning fund balances	<u>1,270,927</u>	<u>64,169</u>	<u>143,741</u>	<u>907,632</u>
Ending Fund Balances	<u>\$ 1,213,926</u>	<u>\$ 71,108</u>	<u>\$ 166,363</u>	<u>\$ 956,688</u>

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 922,880
-	39,581	-	39,581
-	-	-	339,016
49,960	-	-	79,247
-	-	-	34,770
2,408	-	-	2,408
2,683	1,432	53	21,873
105,680	-	725	208,748
<u>160,731</u>	<u>41,013</u>	<u>778</u>	<u>1,648,523</u>
-	103,848	-	103,848
16,712	-	-	719,195
-	-	466	466
-	-	-	520,730
64,688	-	-	64,688
<u>81,400</u>	<u>103,848</u>	<u>466</u>	<u>1,408,927</u>
<u>79,331</u>	<u>(62,835)</u>	<u>312</u>	<u>239,596</u>
-	-	-	(201,172)
-	-	-	(201,172)
79,331	(62,835)	312	38,424
<u>337,980</u>	<u>200,964</u>	<u>14,547</u>	<u>2,939,960</u>
<u>\$ 417,311</u>	<u>\$ 138,129</u>	<u>\$ 14,859</u>	<u>\$ 2,978,384</u>

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL AND MOTEL OCCUPANCY TAX FUND
For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
Revenues					
Hotel occupancy tax	\$ 485,185	\$ 485,185	\$ 339,016	\$ (146,169)	\$ 495,544
Investment revenue	7,076	7,076	9,933	2,857	24,239
Other revenue	154,300	154,300	101,343	(52,957)	99,140
Total Revenues	<u>646,561</u>	<u>646,561</u>	<u>450,292</u>	<u>(196,269)</u>	<u>618,923</u>
Expenditures					
Current:					
Economic development	579,633	590,183	507,293	82,890	661,582
Total Expenditures	<u>579,633</u>	<u>590,183</u>	<u>507,293</u>	<u>82,890</u>	<u>661,582</u>
Net Change in Fund Balance	<u>\$ 66,928</u>	<u>\$ 56,378</u>	(57,001)	<u>\$ (113,379)</u>	<u>\$ (42,659)</u>
Beginning fund balance			<u>1,270,927</u>		
Ending Fund Balance			<u>\$ 1,213,926</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT PROGRAMS FUND

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ 7,400	\$ 7,400	\$ 29,287	\$ 21,887	\$ 20,378
Investment revenue	7	7	356	349	1,196
Total Revenues	<u>7,407</u>	<u>7,407</u>	<u>29,643</u>	<u>22,236</u>	<u>21,574</u>
<u>Expenditures</u>					
Current:					
Public safety	35,000	35,000	15,204	19,796	17,887
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>15,204</u>	<u>19,796</u>	<u>17,887</u>
<u>Other Financing Sources (Uses)</u>					
Transfers (out)	(7,500)	(7,500)	(7,500)	-	(7,500)
Total Other Financing (Uses)	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>
Net Change in Fund Balance	<u>\$ (27,593)</u>	<u>\$ (35,093)</u>	6,939	<u>\$ 42,032</u>	<u>\$ (3,813)</u>
Beginning fund balance			<u>64,169</u>		
Ending Fund Balance			<u>\$ 71,108</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARK IMPROVEMENT FEES FUND
For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
<u>Revenues</u>					
Charges for services	\$ 9,450	\$ 9,450	\$ 34,770	\$ 25,320	\$ 41,827
Investment revenue	1,345	1,345	1,289	(56)	3,512
Total Revenues	<u>10,795</u>	<u>10,795</u>	<u>36,059</u>	<u>25,264</u>	<u>45,339</u>
<u>Expenditures</u>					
Current:					
Economic development	15,000	15,000	13,437	1,563	20,337
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,290</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>13,437</u>	<u>1,563</u>	<u>32,627</u>
Net Change in Fund Balance	<u>\$ (4,205)</u>	<u>\$ (4,205)</u>	22,622	<u>\$ 26,827</u>	<u>\$ 12,712</u>
Beginning fund balance			<u>143,741</u>		
Ending Fund Balance			<u>\$ 166,363</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CRIME CONTROL AND PREVENTION DISTRICT FUND
For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
Revenues					
Sales taxes	\$ 799,216	\$ 799,216	\$ 922,880	\$ 123,664	\$ 829,331
Investment revenue	19,816	19,816	6,127	(13,689)	14,932
Other revenue	-	-	1,000	1,000	1,205
Total Revenues	<u>819,032</u>	<u>819,032</u>	<u>930,007</u>	<u>110,975</u>	<u>845,468</u>
Expenditures					
Current:					
Public safety	751,824	751,824	687,279	64,545	690,603
Total Expenditures	<u>751,824</u>	<u>751,824</u>	<u>687,279</u>	<u>64,545</u>	<u>690,603</u>
Other Financing Sources (Uses)					
Transfers (out)	(193,672)	(193,672)	(193,672)	-	(201,247)
Total Other Financing (Uses)	<u>(193,672)</u>	<u>(193,672)</u>	<u>(193,672)</u>	<u>-</u>	<u>(201,247)</u>
Net Change in Fund Balance	<u>\$ (126,464)</u>	<u>\$ (126,464)</u>	49,056	<u>\$ 175,520</u>	<u>\$ (46,382)</u>
Beginning fund balance			<u>907,632</u>		
Ending Fund Balance			<u>\$ 956,688</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY PROGRAMS FUND
For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ 49,960	\$ 49,960	\$ 25,558
Intergovernmental	-	-	2,408	2,408	2,453
Investment revenue	5,233	5,233	2,683	(2,550)	7,265
Other revenue	104,200	104,200	105,680	1,480	104,516
Total Revenues	<u>109,433</u>	<u>109,433</u>	<u>160,731</u>	<u>51,298</u>	<u>139,792</u>
Expenditures					
Current:					
Public safety	20,000	20,000	16,712	3,288	41,671
Capital outlay	<u>77,642</u>	<u>77,642</u>	<u>64,688</u>	<u>12,954</u>	<u>106,338</u>
Total Expenditures	<u>97,642</u>	<u>97,642</u>	<u>81,400</u>	<u>16,242</u>	<u>148,009</u>
Net Change in Fund Balance	<u>\$ 11,791</u>	<u>\$ 11,791</u>	79,331	<u>\$ 67,540</u>	<u>\$ (8,217)</u>
Beginning fund balance			<u>337,980</u>		
Ending Fund Balance			<u>\$ 417,311</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CABLE PEG FEES FUND

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
<u>Revenues</u>					
Franchise fees	\$ 42,639	\$ 42,639	\$ 39,581	\$ (3,058)	\$ 41,557
Investment revenue	3,709	3,709	1,432	(2,277)	3,427
Total Revenues	<u>46,348</u>	<u>46,348</u>	<u>41,013</u>	<u>(5,335)</u>	<u>44,984</u>
<u>Expenditures</u>					
Current:					
General government	188,200	188,200	103,848	84,352	17,305
Total Expenditures	<u>188,200</u>	<u>188,200</u>	<u>103,848</u>	<u>84,352</u>	<u>17,305</u>
Net Change in Fund Balance	<u>\$ (141,852)</u>	<u>\$ (141,852)</u>	(62,835)	<u>\$ 79,017</u>	<u>\$ 27,679</u>
Beginning fund balance			<u>200,964</u>		
Ending Fund Balance			<u>\$ 138,129</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ANIMAL CONTROL FUND

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2019 Actual</u>
<u>Revenues</u>					
Interest	\$ 30	\$ 30	\$ 53	\$ 23	\$ 18
Other revenue	6,213	6,213	725	(5,488)	6,036
Total Revenues	<u>6,243</u>	<u>6,243</u>	<u>778</u>	<u>(5,465)</u>	<u>6,054</u>
<u>Expenditures</u>					
Public works	7,650	7,650	466	7,184	54
Total Expenditures	<u>7,650</u>	<u>7,650</u>	<u>466</u>	<u>7,184</u>	<u>54</u>
Net Change in Fund Balance	<u>\$ (1,407)</u>	<u>\$ (1,407)</u>	312	<u>\$ 1,719</u>	<u>\$ 6,000</u>
Beginning fund balance			<u>14,547</u>		
Ending Fund Balance			<u>\$ 14,859</u>		

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the government's overall financial health.

Contents	Page
Financial Trends	112
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	124
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	132
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	140
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	143
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant year.

CITY OF SEABROOK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014*
Governmental Activities				
Net investment in capital assets	\$ 15,440,360	\$ 14,144,650	\$ 18,283,628	\$ 22,006,280
Restricted	3,264,045	4,701,768	4,388,221	4,552,760
Unrestricted	(1,475,029)	3,211,311	3,489,849	2,542,795
Total Governmental Activities Net Position	\$ 17,229,376	\$ 22,057,729	\$ 26,161,698	\$ 29,101,835
Business-Type Activities				
Net investment in capital assets	\$ 7,593,022	\$ 8,429,256	\$ 9,357,328	\$ 9,951,443
Restricted	2,451,025	2,318,565	2,207,032	2,432,638
Unrestricted	3,734,997	3,914,970	3,116,799	2,165,826
Total Business-Type Activities Net Position	\$ 13,779,044	\$ 14,662,791	\$ 14,681,159	\$ 14,549,907
Primary Government				
Net investment in capital assets	\$ 23,033,382	\$ 22,573,906	\$ 27,640,956	\$ 31,957,723
Restricted	5,715,070	7,020,333	6,595,253	6,985,398
Unrestricted	2,259,968	7,126,281	6,606,648	4,708,621
Total Primary Government Net Position	\$ 31,008,420	\$ 36,720,520	\$ 40,842,857	\$ 43,651,742

*Restated balances

Fiscal Year

2015	2016	2017	2018*	2019	2020
\$ 22,278,266	\$ 23,619,809	\$ 25,265,858	\$ 26,318,825	\$ 27,201,835	\$ 28,175,351
4,861,342	5,170,228	4,694,544	4,757,197	4,672,760	4,876,957
4,193,837	5,987,299	5,949,341	6,521,332	7,053,199	7,271,946
<u>\$ 31,333,445</u>	<u>\$ 34,777,336</u>	<u>\$ 35,909,743</u>	<u>\$ 37,597,354</u>	<u>\$ 38,927,794</u>	<u>\$ 40,324,254</u>
\$ 10,898,317	\$ 10,976,731	\$ 4,673,874	\$ 8,812,420	\$ 8,283,669	\$ 6,958,646
2,495,389	2,522,751	2,683,443	2,674,389	3,145,604	4,300,283
1,449,615	1,783,998	8,759,092	5,914,543	6,717,220	9,687,504
<u>\$ 14,843,321</u>	<u>\$ 15,283,480</u>	<u>\$ 16,116,409</u>	<u>\$ 17,401,352</u>	<u>\$ 18,146,493</u>	<u>\$ 20,946,433</u>
\$ 33,176,583	\$ 34,596,540	\$ 29,939,732	\$ 35,131,245	\$ 35,485,504	\$ 35,133,997
7,356,731	7,692,979	7,377,987	7,431,586	7,818,364	9,177,240
5,643,452	7,771,297	14,708,433	12,435,875	13,770,419	16,959,450
<u>\$ 46,176,766</u>	<u>\$ 50,060,816</u>	<u>\$ 52,026,152</u>	<u>\$ 54,998,706</u>	<u>\$ 57,074,287</u>	<u>\$ 61,270,687</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities				
General government	\$ 3,523,480	\$ 2,044,188	\$ 2,426,528	\$ 1,165,000
Public safety	5,008,177	4,444,193	5,108,700	5,053,766
Public works	1,326,336	3,191,383	1,941,718	2,986,870
Economic development	321,532	303,003	357,550	412,718
Interest and fiscal agent fees	811,818	759,480	701,007	623,464
Total Governmental Activities Expenses	<u>10,991,343</u>	<u>10,742,247</u>	<u>10,535,503</u>	<u>10,241,818</u>
Business-Type Activities				
Utilities	4,475,897	4,289,547	4,822,542	4,808,118
Total Business-Type Activities Expenses	<u>4,475,897</u>	<u>4,289,547</u>	<u>4,822,542</u>	<u>4,808,118</u>
Total Primary Government Expenses	<u>\$ 15,467,240</u>	<u>\$ 15,031,794</u>	<u>\$ 15,358,045</u>	<u>\$ 15,049,936</u>
Program Revenues				
Governmental Activities				
Charges for services	\$ 1,243,869	\$ 1,070,691	\$ 755,111	\$ 1,080,913
Operating grants and contributions	289,739	165,018	202,982	204,058
Capital grants and contributions	37,775	3,739,274	2,490,787	1,674,130
Total Governmental Activities Program Revenues	<u>1,571,383</u>	<u>4,974,983</u>	<u>3,448,880</u>	<u>2,959,101</u>
Business-Type Activities				
Utilities:				
Charges for services	6,829,188	6,040,302	6,209,614	6,037,818
Operating grants and contributions	-	-	-	-
Capital grants and contributions	154,624	218,259	132,207	240,152
Total Business-Type Activities Program Revenues	<u>6,983,812</u>	<u>6,258,561</u>	<u>6,341,821</u>	<u>6,277,970</u>
Total Primary Government Program Revenues	<u>\$ 8,555,195</u>	<u>\$ 11,233,544</u>	<u>\$ 9,790,701</u>	<u>\$ 9,237,071</u>
Net (Expense)/Revenue				
Governmental activities	\$ (9,419,960)	\$ (5,767,264)	\$ (7,086,623)	\$ (7,282,717)
Business-type activities	2,507,915	1,969,014	1,519,279	1,469,852
Total Primary Government Net Expense	<u>\$ (6,912,045)</u>	<u>\$ (3,798,250)</u>	<u>\$ (5,567,344)</u>	<u>\$ (5,812,865)</u>

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 3,848,282	\$ 3,454,477	\$ 3,338,192	\$ 3,900,540	\$ 3,890,689	\$ 3,680,753
4,786,353	6,104,299	6,668,690	6,629,558	7,124,146	8,837,709
1,899,510	2,209,046	2,283,662	2,438,285	2,509,691	2,380,054
348,324	617,333	778,571	812,566	689,091	524,516
838,721	762,518	681,853	592,887	543,882	561,811
<u>11,721,190</u>	<u>13,147,673</u>	<u>13,750,968</u>	<u>14,373,836</u>	<u>14,757,499</u>	<u>15,984,843</u>
4,832,090	5,279,016	5,901,487	6,035,659	6,076,489	6,754,222
<u>4,832,090</u>	<u>5,279,016</u>	<u>5,901,487</u>	<u>6,035,659</u>	<u>6,076,489</u>	<u>6,754,222</u>
<u>\$ 16,553,280</u>	<u>\$ 18,426,689</u>	<u>\$ 19,652,455</u>	<u>\$ 20,409,495</u>	<u>\$ 20,833,988</u>	<u>\$ 22,739,065</u>
\$ 902,015	\$ 876,229	\$ 1,143,174	\$ 1,035,570	\$ 973,666	\$ 1,665,033
238,472	334,239	282,408	487,907	432,945	1,187,359
232,198	478,432	260,223	294,298	2,453	2,408
<u>1,372,685</u>	<u>1,688,900</u>	<u>1,685,805</u>	<u>1,817,775</u>	<u>1,409,064</u>	<u>2,854,800</u>
6,379,326	6,817,957	7,644,570	8,000,219	7,905,427	8,370,924
-	-	-	-	-	-
141,601	73,878	236,655	427,662	303,446	2,600,228
<u>6,520,927</u>	<u>6,891,835</u>	<u>7,881,225</u>	<u>8,427,881</u>	<u>8,208,873</u>	<u>10,971,152</u>
<u>\$ 7,893,612</u>	<u>\$ 8,580,735</u>	<u>\$ 9,567,030</u>	<u>\$ 10,245,656</u>	<u>\$ 9,617,937</u>	<u>\$ 13,825,952</u>
\$ (10,348,505)	\$ (11,458,773)	\$ (12,065,163)	\$ (12,556,061)	\$ (13,348,435)	\$ (13,130,043)
1,688,837	1,612,819	1,979,738	2,392,222	2,132,384	4,216,930
<u>\$ (8,659,668)</u>	<u>\$ (9,845,954)</u>	<u>\$ (10,085,425)</u>	<u>\$ (10,163,839)</u>	<u>\$ (11,216,051)</u>	<u>\$ (8,913,113)</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618
Sales and use taxes	2,164,992	2,135,045	2,332,016	2,516,219
Franchise fees and local taxes	1,033,334	1,075,551	1,183,623	1,265,765
Investment revenue	10,707	10,124	8,293	3,073
Other revenues	501,112	592,662	799,891	696,853
Transfers	1,569,873	1,339,685	1,668,673	1,571,744
Total Governmental Activities	<u>10,566,013</u>	<u>10,595,617</u>	<u>11,648,585</u>	<u>11,849,272</u>
Business-Type Activities				
Franchise fees	-	-	-	-
Investment revenue	7,337	6,945	5,562	1,675
Other revenues	-	247,473	254,257	260,470
Transfers	(1,569,873)	(1,339,685)	(1,668,673)	(1,571,744)
Total Business-Type Activities	<u>(1,562,536)</u>	<u>(1,085,267)</u>	<u>(1,408,854)</u>	<u>(1,309,599)</u>
Total Primary Government	<u>\$ 9,003,477</u>	<u>\$ 9,510,350</u>	<u>\$ 10,239,731</u>	<u>\$ 10,539,673</u>
Change in Net Position				
Governmental activities	\$ 1,146,053	\$ 4,828,353	\$ 4,561,962	\$ 4,566,555
Business-type activities	945,379	883,747	110,425	160,253
Total Primary Government	<u>\$ 2,091,432</u>	<u>\$ 5,712,100</u>	<u>\$ 4,672,387</u>	<u>\$ 4,726,808</u>

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344	\$ 7,027,755	\$ 7,612,682
	2,768,645	2,901,318	3,037,188	2,946,279	2,776,366	2,994,232
	1,294,765	1,264,528	1,229,769	1,426,481	1,329,757	1,113,688
	8,544	60,941	117,990	229,697	334,911	149,979
	814,897	2,210,157	608,779	1,064,992	1,036,348	632,640
	1,688,330	1,487,809	1,762,574	1,822,415	2,173,738	2,084,076
	<u>12,580,115</u>	<u>14,902,664</u>	<u>13,197,570</u>	<u>14,465,208</u>	<u>14,678,875</u>	<u>14,587,297</u>
	-	-	292,975	299,010	298,573	344,369
	2,442	18,721	94,532	203,399	263,537	107,906
	290,465	296,428	228,258	212,727	224,385	214,811
	<u>(1,688,330)</u>	<u>(1,487,809)</u>	<u>(1,762,574)</u>	<u>(1,822,415)</u>	<u>(2,173,738)</u>	<u>(2,084,076)</u>
	<u>(1,395,423)</u>	<u>(1,172,660)</u>	<u>(1,439,784)</u>	<u>(1,107,279)</u>	<u>(1,387,243)</u>	<u>(1,416,990)</u>
\$	<u>11,184,692</u>	<u>\$ 13,730,004</u>	<u>\$ 11,757,786</u>	<u>\$ 13,357,929</u>	<u>\$ 13,291,632</u>	<u>\$ 13,170,307</u>
\$	2,231,610	\$ 3,443,891	\$ 1,132,407	\$ 1,909,147	\$ 1,330,440	\$ 1,457,254
	293,414	440,159	539,954	1,284,943	745,141	2,799,940
\$	<u>2,525,024</u>	<u>\$ 3,884,050</u>	<u>\$ 1,672,361</u>	<u>\$ 3,194,090</u>	<u>\$ 2,075,581</u>	<u>\$ 4,257,194</u>

CITY OF SEABROOK, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
Last Ten Years
(Accrual Basis of Accounting)

Function	Fiscal Year			
	2011	2012	2013	2014
Property taxes	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618
Sales and use taxes	2,164,992	2,135,045	2,332,016	2,516,219
Franchise fees and local taxes	1,033,334	1,075,551	1,183,623	1,265,765
Totals	\$ 8,484,321	\$ 8,653,146	\$ 9,171,728	\$ 9,577,602

Fiscal Year						Change
2015	2016	2017	2018	2019	2020	2019-2020
\$ 6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344	\$ 7,027,755	\$ 7,612,682	8.3%
2,768,645	2,901,318	3,037,188	2,946,279	2,776,366	2,994,232	7.8%
1,294,765	1,264,528	1,229,769	1,426,481	1,329,757	1,113,688	-16.2%
<u>\$ 10,068,344</u>	<u>\$ 10,618,757</u>	<u>\$ 10,708,227</u>	<u>\$ 11,348,104</u>	<u>\$ 11,133,878</u>	<u>\$ 11,720,602</u>	<u>5.3%</u>

CITY OF SEABROOK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 62,076	\$ 24,677	\$ 13,687	\$ 78,664
Committed	-	-	801,291	801,561
Assigned	-	853,532	78,000	54,000
Unassigned	3,185,900	3,345,601	3,649,445	3,998,314
Total General Fund	<u><u>\$ 3,247,976</u></u>	<u><u>\$ 4,223,810</u></u>	<u><u>\$ 4,542,423</u></u>	<u><u>\$ 4,932,539</u></u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 195	\$ 980	\$ 12
Restricted	4,818,455	4,701,768	4,388,221	4,552,760
Assigned	-	-	-	-
Total All Other Governmental Funds	<u><u>\$ 4,818,455</u></u>	<u><u>\$ 4,701,963</u></u>	<u><u>\$ 4,389,201</u></u>	<u><u>\$ 4,552,772</u></u>

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 142,883	\$ 84,443	\$ 38,780	\$ 86,334	\$ 67,459	\$ 52,707
801,976	2,404,292	2,409,881	822,402	2,441,637	2,449,307
21,000	21,000	21,000	-	-	-
5,149,807	5,052,164	5,830,055	8,025,330	6,925,563	6,564,500
<u>\$ 6,115,666</u>	<u>\$ 7,561,899</u>	<u>\$ 8,299,716</u>	<u>\$ 8,934,066</u>	<u>\$ 9,434,659</u>	<u>\$ 9,066,514</u>
\$ 23,333	\$ 31,896	\$ 34,630	\$ 103,953	\$ 62,762	\$ -
12,484,357	11,536,398	4,868,848	4,757,197	5,023,848	7,982,410
-	-	-	522,655	522,655	1,441,141
<u>\$ 12,507,690</u>	<u>\$ 11,568,294</u>	<u>\$ 4,903,478</u>	<u>\$ 5,383,805</u>	<u>\$ 5,609,265</u>	<u>\$ 9,423,551</u>

CITY OF SEABROOK, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes and fees	\$ 8,518,658	\$ 8,696,855	\$ 9,144,003	\$ 9,598,547
Licenses and permits	205,293	227,156	183,263	402,187
Fines and forfeitures	817,057	709,306	429,178	424,148
Charges for services	118,535	134,229	142,670	254,578
Intergovernmental	283,784	3,904,292	2,693,769	1,611,914
Investment revenue	10,708	10,124	8,293	3,073
Other revenues	575,537	592,662	799,891	696,853
Total Revenues	<u>10,529,572</u>	<u>14,274,624</u>	<u>13,401,067</u>	<u>12,991,300</u>
Expenditures				
General government	3,595,589	3,456,967	3,532,719	3,515,144
Public safety	4,558,181	4,531,674	4,738,699	4,785,911
Public works	1,584,167	5,428,496	4,290,863	3,444,606
Economic development	377,864	303,003	357,550	428,060
Capital outlay	961,379	445,831	598,454	329,055
Debt service:				
Principal	588,125	652,500	850,000	900,000
Interest and fiscal fees	764,478	725,358	670,545	606,581
Bond issuance costs	-	-	42,256	-
Refunding contribution	-	-	30,000	-
Total Expenditures	<u>12,429,783</u>	<u>15,543,829</u>	<u>15,111,086</u>	<u>14,009,357</u>
(Deficiency) of				
Revenues (Under) Expenditures	(1,900,211)	(1,269,205)	(1,710,019)	(1,018,057)
Other Financing Sources (Uses)				
Transfers in	1,447,381	1,624,942	1,668,673	1,571,744
Transfers out	-	(55,069)	-	-
Refunding bonds issued	-	-	3,975,000	-
Bonds issued	900,000	-	-	-
Premium on bonds issued	-	-	-	-
Payments to refunding bond escrow agent	-	-	(3,927,803)	-
Insurance proceeds	131,202	47,344	-	-
Sales of capital assets	-	-	-	-
Total Other Financing Sources	<u>2,478,583</u>	<u>1,617,217</u>	<u>1,715,870</u>	<u>1,571,744</u>
Net Change in Fund Balances	<u>\$ 578,372</u>	<u>\$ 348,012</u>	<u>\$ 5,851</u>	<u>\$ 553,687</u>
Debt service as a percentage of noncapital expenditures	11.66%	12.77%	14.83%	15.43%

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	10,077,143	\$ 10,567,809	\$ 10,759,116	\$ 11,349,124	\$ 11,095,136	\$ 11,709,039
	234,429	162,395	346,990	392,499	291,126	368,305
	526,530	596,813	615,090	514,887	556,447	627,683
	141,056	117,021	181,094	128,184	126,093	669,045
	470,670	764,278	362,416	490,391	435,398	1,184,743
	8,544	60,941	114,471	221,271	357,272	138,414
	814,897	2,210,157	608,779	1,058,957	598,998	632,640
	<u>12,273,269</u>	<u>14,479,414</u>	<u>12,987,956</u>	<u>14,155,313</u>	<u>13,460,470</u>	<u>15,329,869</u>
	3,680,496	3,060,008	3,075,333	3,495,141	3,422,795	3,709,753
	4,550,492	5,526,619	5,744,384	6,099,004	6,391,905	8,394,178
	1,805,990	2,334,366	1,993,389	2,175,847	2,060,579	1,900,645
	349,247	613,263	691,646	809,430	681,919	520,730
	1,361,769	2,211,265	6,351,653	193,970	219,453	442,360
	935,000	1,215,000	1,265,000	1,345,000	1,410,000	1,440,000
	699,810	768,742	619,594	583,780	525,677	506,334
	126,244	-	59,046	-	-	52,737
	-	-	105,881	-	-	-
	<u>13,509,048</u>	<u>15,729,263</u>	<u>19,905,926</u>	<u>14,702,172</u>	<u>14,712,328</u>	<u>16,966,737</u>
	(1,235,779)	(1,249,849)	(6,917,970)	(546,859)	(1,251,858)	(1,636,868)
	1,736,381	2,549,695	1,854,983	2,352,098	2,040,825	3,045,973
	(48,051)	(793,009)	(924,746)	(690,562)	(559,492)	(1,117,597)
	-	-	5,365,000	-	-	-
	8,380,000	-	-	-	-	2,669,904
	305,494	-	-	-	-	484,729
	-	-	(5,304,266)	-	-	-
	-	-	-	-	-	-
	-	-	-	-	496,578	-
	<u>10,373,824</u>	<u>1,756,686</u>	<u>990,971</u>	<u>1,661,536</u>	<u>1,977,911</u>	<u>5,083,009</u>
\$	<u>9,138,045</u>	<u>\$ 506,837</u>	<u>\$ (5,926,999)</u>	<u>\$ 1,114,677</u>	<u>\$ 726,053</u>	<u>\$ 3,446,141</u>
	14.13%	15.53%	14.67%	14.05%	14.23%	12.67%

CITY OF SEABROOK, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Real Property	\$ 916,878,359	\$ 921,323,736	\$ 937,092,962	\$ 983,065,482
Personal Property	92,903,636	86,707,764	90,255,089	87,589,652
Less: Tax Exempt Property	<u>(169,009,366)</u>	<u>(169,776,137)</u>	<u>(170,919,619)</u>	<u>(175,815,601)</u>
Total Taxable Assessed Value (1)	<u>\$ 840,772,629</u>	<u>\$ 838,255,363</u>	<u>\$ 856,428,432</u>	<u>\$ 894,839,533</u>
Total Direct Tax Rate	\$ 0.626807	\$ 0.649978	\$ 0.665232	\$ 0.651229

Source: Harris County Certified Tax Rolls and Corrections

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

Note: In 2009, the City approved creation of the Harris County Municipal Utility District (HC MUD 373) and agreed to pay HC MUD 373 12 percent of the taxes collected by the City on land and improvements for entities within the HC MUD 373 jurisdiction for a term of seven and a half years, so long as the HC MUD 373 has any bonded indebtedness. Total direct rates exclude the HC MUD 373 tax of \$0.355 because it only affects 298 tax accounts within the City.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 1,050,841,139	\$ 1,149,250,879	\$ 1,263,608,355	\$ 1,363,048,039	\$ 1,420,712,298	\$ 1,555,906,561
83,736,870	101,798,001	104,585,004	120,684,600	134,321,104	142,704,467
<u>(183,332,730)</u>	<u>(206,733,522)</u>	<u>(226,833,984)</u>	<u>(251,105,865)</u>	<u>(268,916,146)</u>	<u>(289,422,871)</u>
<u>\$ 951,245,279</u>	<u>\$ 1,044,315,358</u>	<u>\$ 1,141,359,375</u>	<u>\$ 1,232,626,774</u>	<u>\$ 1,286,117,256</u>	<u>\$ 1,409,188,157</u>
\$ 0.640030	\$ 0.612611	\$ 0.565177	\$ 0.574911	\$ 0.551983	\$ 0.551983

CITY OF SEABROOK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
City by fund:				
General	\$ 0.46556	\$ 0.48269	\$ 0.48315	\$ 0.48315
Debt service	0.16125	0.16729	0.18208	0.16808
Total Direct Rates	<u>0.62681</u>	<u>0.64998</u>	<u>0.66523</u>	<u>0.65123</u>
Clear Creek Independent School District	1.36000	1.36000	1.36000	1.40000
Harris County	0.38805	0.39117	0.40021	0.41455
Harris County Flood Control District	0.02930	0.02809	0.02809	0.02827
Port of Houston Authority	0.02054	0.01856	0.01952	0.01716
Harris County Hospital District	0.19216	0.19406	0.18216	0.17000
Harris County Department of Education	0.00658	0.00658	0.00662	0.00636
Total Direct and Overlapping Rates (1)	<u>\$ 2.62344</u>	<u>\$ 2.64844</u>	<u>\$ 2.66183</u>	<u>\$ 2.68757</u>

Tax rates per \$100 of assessed valuation

Source: Harris County Appraisal District

(1) Overlapping rates are those of local and county governments that apply within the City of Seabrook.

Note: In 2009, the City approved creation of the Harris County Municipal Utility District (HC MUD 373) and agreed to pay HC MUD 373 12 percent of the taxes collected by the City on land and improvements for entities within the HC MUD 373 jurisdiction for a term of seven and a half years, so long as the HC MUD 373 has any bonded indebtedness. Total direct rates exclude the HC MUD 373 tax of \$0.355 because it only affects 298 tax accounts within the City.

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	0.45951	\$ 0.42346	\$ 0.39457	\$ 0.41941	\$ 0.40314	\$ 0.40314
	0.18052	0.18916	0.17060	0.15551	0.14884	0.14884
	0.64003	0.61261	0.56518	0.57491	0.55198	0.55198
	1.40000	1.40000	1.40000	1.40000	1.40000	1.31000
	0.41731	0.41656	0.41656	0.41801	0.41858	0.40713
	0.02736	0.02829	0.02829	0.28310	0.02877	0.02792
	0.01531	0.01334	0.01334	0.01256	0.01155	0.01074
	0.17000	0.17000	0.17179	0.17110	0.17108	0.16591
	0.00600	0.00520	0.00520	0.00520	0.00519	0.00500
\$	<u>2.67601</u>	<u>\$ 2.64600</u>	<u>\$ 2.60036</u>	<u>\$ 2.86488</u>	<u>\$ 2.58715</u>	<u>\$ 2.47868</u>

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CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2020			2011		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Western Rim Investors	\$ 57,509,990	1	4.08%	\$ -	-	-
FRBH Regatta Bay LLC	27,732,878	2	1.97%	-	-	-
DMH 90	21,379,005	3	1.52%	9,228,742	3	1.10%
Vista Shores 2011LP	20,596,691	4	1.46%	-	-	-
Duke Reality LP	18,860,000	5	1.34%	-	-	-
Sinbad Landing Corp.	17,351,978	6	1.23%	12,400,000	1	1.47%
Seabrook Properties LLC.	14,845,887	7	1.05%	-	-	-
3000 Nasa Parkway LLC	11,104,000	8	0.79%	7,151,000	5	0.85%
Lamrock 3/2001LP	11,032,920	9	0.78%	6,313,062	8	0.75%
Centerpoint Energy Inc.	9,284,160	10	0.66%	6,599,848	7	0.78%
Nasa Road Apartments LLC	-	-	-	7,166,761	4	0.85%
Repsdorph Road LTD	-	-	-	12,396,000	2	1.47%
Legend Natural Gas	-	-	-	5,043,070	9	0.60%
CGMT 2006C5 Repsdorph Rd APT	-	-	-	6,820,050	6	0.81%
Marina Max	-	-	-	4,789,821	10	0.57%
Subtotal	<u>209,697,509</u>		<u>14.88%</u>	<u>77,908,354</u>		<u>9.27%</u>
Other Taxpayers	<u>1,199,490,648</u>		<u>85.12%</u>	<u>762,864,725</u>		<u>90.73%</u>
Total	<u>\$ 1,409,188,157</u>		<u>100.00%</u>	<u>\$ 840,772,629</u>		<u>100.00%</u>

Source: Harris County Tax Assessor-Collector's records.

CITY OF SEABROOK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Tax levy	\$ 5,214,919	\$ 5,389,311	\$ 5,627,317	\$ 5,766,934
Current tax collected	\$ 5,132,185	\$ 5,327,402	\$ 5,541,099	\$ 5,699,970
Percentage of current tax collections	98.41%	98.85%	98.47%	98.84%
Collections in subsequent years	<u>68,819</u>	<u>51,610</u>	<u>74,860</u>	<u>55,819</u>
Total tax collections to date	<u><u>\$ 5,201,004</u></u>	<u><u>\$ 5,379,012</u></u>	<u><u>\$ 5,615,959</u></u>	<u><u>\$ 5,755,789</u></u>
Total collections as a percentage of current levy	99.73%	99.81%	99.80%	99.81%

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 5,984,940	\$ 6,329,284	\$ 6,411,690	\$ 6,960,493	\$ 6,997,431	\$ 7,612,966
\$ 5,908,134	\$ 6,248,998	\$ 6,344,390	\$ 6,887,981	\$ 6,902,533	\$ 7,525,983
98.72%	98.73%	98.95%	98.96%	98.64%	98.86%
59,235	58,243	32,201	23,933	56,569	-
<u>\$ 5,967,369</u>	<u>\$ 6,307,241</u>	<u>\$ 6,376,591</u>	<u>\$ 6,911,914</u>	<u>\$ 6,959,102</u>	<u>\$ 7,525,983</u>
99.71%	99.65%	99.45%	99.30%	99.45%	98.86%

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 16,857,031	\$ 16,251,492	\$ 15,687,585	\$ 14,824,773
Certificates of obligation	865,000	865,000	830,000	790,000
Subtotal	<u>17,722,031</u>	<u>17,116,492</u>	<u>16,517,585</u>	<u>15,614,773</u>
Business-Type Activities:				
Revenue bonds	5,017,490	4,767,727	3,418,000	3,173,000
Certificates of obligation	-	-	-	-
General obligation bonds	142,500	-	1,175,000	1,165,000
Notes payable	-	-	-	-
Subtotal	<u>5,159,990</u>	<u>4,767,727</u>	<u>4,593,000</u>	<u>4,338,000</u>
Total Primary Government	<u>\$ 22,882,021</u>	<u>\$ 21,884,219</u>	<u>\$ 21,110,585</u>	<u>\$ 19,952,773</u>
Personal Income	\$ 421,009,200	\$ 493,026,700	\$ 531,297,900	\$ 521,510,475
Debt as a Percentage of Personal Income	5.44%	4.44%	3.97%	3.83%
Population	12,683	12,700	12,853	12,853
Debt Per Capita	\$ 1,804	\$ 1,723	\$ 1,642	\$ 1,552

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 22,590,010	\$ 21,394,753	\$ 20,265,325	\$ 18,959,485	\$ 17,593,645	\$ 16,197,805
750,000	705,000	655,000	600,000	540,000	3,610,396
23,340,010	22,099,753	20,920,325	19,559,485	18,133,645	19,808,201
2,918,000	2,653,000	2,377,000	2,209,000	2,039,000	1,856,000
-	2,500,000	8,320,000	8,005,000	7,680,000	15,591,155
1,155,000	1,145,000	1,955,815	1,785,128	1,614,440	725,000
-	-	-	3,700,000	3,632,195	3,562,254
4,073,000	6,298,000	12,652,815	15,699,128	14,965,635	21,734,409
\$ 27,413,010	\$ 28,397,753	\$ 33,573,140	\$ 35,258,613	\$ 33,099,280	\$ 41,542,610
\$ 524,443,905	\$ 557,459,388	\$ 725,800,284	\$ 740,316,290	\$ 796,559,396	\$ 797,085,120
5.23%	5.09%	4.63%	4.76%	4.16%	5.02%
12,843	13,716	14,287	14,554	14,826	14,931
\$ 2,134	\$ 2,070	\$ 2,350	\$ 2,423	\$ 2,232	\$ 2,782

CITY OF SEABROOK, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Net Taxable Assessed Value				
All property	\$ 840,772,629	\$ 838,255,363	\$ 856,428,432	\$ 894,839,533
Net Bonded Debt				
Gross bonded debt	\$ 17,864,531	\$ 17,116,492	\$ 17,692,585	\$ 16,779,773
Less debt service funds	1,689,111	1,746,037	1,742,115	1,738,285
Net Bonded Debt	<u>\$ 16,175,420</u>	<u>\$ 15,370,455</u>	<u>\$ 15,950,470</u>	<u>\$ 15,041,488</u>
Ratio of Net Bonded Debt to Assessed Value	1.92%	1.83%	1.86%	1.68%
Population	12,683	12,700	12,853	12,853
Net Bonded Debt Per Capita	\$ 1,275	\$ 1,210	\$ 1,241	\$ 1,170

Fical Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 951,245,279	\$ 1,044,315,358	\$ 1,141,359,375	\$ 1,232,626,774	\$ 1,286,117,256	\$ 1,409,188,157
\$ 24,495,010 1,799,611	\$ 25,744,753 1,796,375	\$ 20,920,325 1,783,732	\$ 29,349,613 1,785,719	\$ 27,428,085 1,795,562	\$ 36,124,356 1,913,432
<u>\$ 22,695,399</u>	<u>\$ 23,948,378</u>	<u>\$ 19,136,593</u>	<u>\$ 27,563,894</u>	<u>\$ 25,632,523</u>	<u>\$ 34,210,925</u>
2.39%	2.29%	1.68%	2.24%	1.99%	2.43%
12,843	13,716	14,287	14,554	14,826	14,931
\$ 1,767	\$ 1,746	\$ 1,339	\$ 1,894	\$ 1,729	\$ 2,291

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CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2020

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek Independent School District	\$ 1,067,560	4.58%	\$ 48,894
Harris County (3)	\$ 1,867,957	0.21%	3,923
Harris County Flood Control District	\$ 83,075	0.21%	174
Port of Houston Authority	\$ 514,174	0.21%	1,080
Harris County Municipal Utility District 373	\$ 1,740	100.00%	<u>1,740</u>
Subtotal, overlapping debt			55,811
City Direct Debt (in thousands)	\$ 36,124	100.00%	<u>36,124</u>
	Total Direct and Overlapping Debt		<u><u>\$ 91,936</u></u>

Sources: Harris County Auditor's Office
Accounting records of the City and the various taxing authorities

(1) Dollars in thousands

(2) Excludes Toll Road Tax Bonds. The City's policy and practice have been to provide payment of debt service on the outstanding Toll Road Tax Bonds from toll revenues and certain other funds, and to date no tax has been collected to provide for such debt service.

(3) Excludes commercial paper transactions. Harris County and the Harris County Flood Control District have established a general obligation commercial paper program payable from ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term fixed assets. The commercial paper program consists of six series totaling \$655 million. To date, specific projects have been approved for no more than \$462.8 million.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

CITY OF SEABROOK, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2011	2012	2013	2014
Gross Revenues (1)	\$ 6,829,188	\$ 6,294,720	\$ 6,469,433	\$ 6,299,963
Operating Expenses (2)	3,779,560	3,610,061	4,125,816	4,135,263
Net Revenues Available for Debt Service	\$ 3,049,628	\$ 2,684,659	\$ 2,343,617	\$ 2,164,700
Debt Service Requirements (3)				
Principal	\$ 196,000	\$ 205,000	\$ 240,000	\$ 255,000
Interest	237,192	209,571	179,623	166,361
Total	\$ 433,192	\$ 414,571	\$ 419,623	\$ 421,361
Coverage	7.04	6.48	5.59	5.14

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 6,672,233	\$ 7,133,106	\$ 8,260,336	\$ 8,715,355	\$ 8,472,410	\$ 9,038,010
<u>4,155,276</u>	<u>4,512,995</u>	<u>4,897,551</u>	<u>5,084,986</u>	<u>5,472,137</u>	<u>5,546,860</u>
<u><u>\$ 2,516,957</u></u>	<u><u>\$ 2,620,111</u></u>	<u><u>\$ 3,362,785</u></u>	<u><u>\$ 3,630,369</u></u>	<u><u>\$ 3,000,273</u></u>	<u><u>\$ 3,491,150</u></u>
\$ 265,000	\$ 265,000	\$ 276,000	\$ 168,000	\$ 170,000	\$ 183,000
155,894	123,933	112,192	101,430	94,130	86,746
<u><u>\$ 420,894</u></u>	<u><u>\$ 388,933</u></u>	<u><u>\$ 388,192</u></u>	<u><u>\$ 269,430</u></u>	<u><u>\$ 264,130</u></u>	<u><u>\$ 269,746</u></u>
5.98	6.74	8.66	13.47	11.36	12.94

CITY OF SEABROOK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

Fiscal Year Ended	Population (2)(6)	Personal Income (5)	Per Capita Personal Income (6)	Median Age (6)	School Enrollment (3)	Unemployment Rate (4)(6)
2011 (1)	12,683	\$ 421,009,200	\$ 33,195	37.3	1,776	6.9%
2012 (8)	12,700	\$ 493,026,700	\$ 38,821	38.0	1,794	7.5%
2013	12,853	\$ 531,297,900	\$ 41,336	38.0	1,871	5.5%
2014	12,853	\$ 521,510,475	\$ 40,575	35.2	1,797	5.0%
2015	12,843	\$ 524,443,905	\$ 40,835	36.8	1,763	4.9%
2016	13,716	\$ 557,459,388	\$ 40,643	36.8	1,778	5.5%
2017 (9)	14,287	\$ 725,800,284	\$ 50,801	39.8	1,754	3.1%
2018	14,554	\$ 740,316,290	\$ 50,866	39.8	1,674	4.2%
2019	14,826	\$ 796,559,396	\$ 53,726	37.2	1,681	2.5%
2020	14,931	\$ 797,085,120	\$ 53,383	37.6	1,574	4.0%

Data sources:

- (1) U.S. Census Bureau
- (2) Records of the City
- (3) Clear Creek Independent School District
- (4) Tracer
- (5) Personal income information is a total for the year.
- (6) Sperlings Best Places
- (7) All 2008 figures, except school enrollment, are estimates from the Bay Area Houston Economic Partnership.
- (8) 2012 income figures are from U.S Census Bureau, unemployment rate from Sperlings, population from Buildings department.
- (9) Retail Coach

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago ⁽¹⁾

Employer	Fiscal Year			
	2020		2011	
	Employees	Total City Employment (%)	Employees	Total City Employment (%)
Technical Automation Service Corporation	191	17.18%	159	16.68%
City of Seabrook	114	10.25%	94	9.86%
Tookies Seafood	110	9.89%	-	-
Kroger	95	8.54%	90	9.44%
Seabrook Intermediate School	91	8.18%	100	10.49%
Bay Area Elementary	90	8.09%	90	9.44%
Lakewood Yacht Club	73	6.56%	80	8.39%
Bay Area Trees and Landscape	48	4.32%	44	4.62%
McDonald's	45	4.05%	39	4.09%
Seabrook Classic Café	45	4.05%	40	4.20%
Kiwo, Inc.	42	3.78%	24	2.52%
Hooters	35	3.15%	40	4.20%
Mario's Flying Pizza	34	3.06%	40	4.20%
Marine Max	27	2.43%	35	3.67%
Gulf Coast Limestone	20	1.80%	50	5.25%
Total	1,112	100.00%	953	100.00%

Sources: Bay Area Economic Partnership, City records

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CITY OF SEABROOK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>General Government:</u>										
City Manager	1.00	1.00	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
Legislative	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Marketing	-	0.50	0.50	0.50	0.50	1.00	0.80	0.80	0.80	1.80
Human Resources	1.75	1.75	1.25	1.25	1.75	2.00	2.00	2.00	2.00	2.00
Purchasing	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00
Finance	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.00	3.00
Administrative Assistants	1.00	1.00	1.00	-	-	-	-	-	1.00	1.00
GIS	-	-	-	-	-	-	-	-	-	1.00
Information Technology	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets and Drainage	8.29	8.29	8.79	8.17	8.17	8.38	8.72	8.38	8.38	9.38
Community Development	5.70	6.00	5.00	5.00	5.00	5.00	6.00	6.00	5.30	5.30
Municipal Court	3.00	3.00	5.50	4.50	4.50	4.50	4.50	4.50	5.00	5.00
Subtotal	<u>27.24</u>	<u>27.54</u>	<u>29.54</u>	<u>27.92</u>	<u>27.92</u>	<u>28.88</u>	<u>30.02</u>	<u>29.68</u>	<u>31.48</u>	<u>34.48</u>
<u>Public Safety:</u>										
Police	30.00	32.00	35.00	35.50	36.00	37.00	33.00	32.50	33.75	33.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	2.00
Animal Control	1.48	1.48	1.48	1.48	1.48	1.68	2.20	2.70	2.70	2.70
Commercial Vehicle Enforcement	2.50	2.50	-	-	-	-	3.00	3.00	3.00	3.00
Crime District	6.00	6.00	6.00	5.50	5.00	5.00	5.00	5.50	5.25	5.25
Emergency Medical Services	-	-	-	-	-	-	-	-	-	7.00
Subtotal	<u>40.98</u>	<u>42.98</u>	<u>43.48</u>	<u>43.48</u>	<u>43.48</u>	<u>44.68</u>	<u>44.20</u>	<u>44.70</u>	<u>46.20</u>	<u>53.20</u>
<u>Enterprise Operations:</u>										
Water	6.95	6.85	6.80	7.03	7.03	7.48	7.81	7.48	7.48	7.48
Sewer	4.57	4.47	4.41	4.41	4.78	4.86	5.19	4.86	4.86	4.86
Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Subtotal	<u>14.52</u>	<u>14.32</u>	<u>14.21</u>	<u>14.44</u>	<u>14.81</u>	<u>15.34</u>	<u>16.00</u>	<u>15.34</u>	<u>15.34</u>	<u>15.34</u>
Parks and Recreation	10.76	9.81	10.31	7.94	9.78	7.91	7.91	7.60	8.60	8.60
Hotel/Motel Tax	-	1.00	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20
Economic Development	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>1.70</u>	<u>1.70</u>
Total	<u><u>94.50</u></u>	<u><u>95.65</u></u>	<u><u>99.54</u></u>	<u><u>95.78</u></u>	<u><u>97.99</u></u>	<u><u>99.81</u></u>	<u><u>101.33</u></u>	<u><u>100.52</u></u>	<u><u>104.52</u></u>	<u><u>114.52</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Arrests	710	1,046	761	768
Accident reports	108	235	205	251
Citations	6,143	4,222	1,971	2,378
Offense reports	186	198	170	191
Calls for service	16,828	19,069	10,323	12,758
Fire				
Emergency responses	345	290	306	316
Fire incidents	43	37	41	22
Total calls for service	n/a	n/a	n/a	n/a
Average response time	5:43	5:49	5:10	5:25
Water				
New accounts	388	380	490	293
Average daily consumption (thousands of gallons)	2,050	1,774	1,830	1,667
Total consumption	749,343	646,133	667,435	604,898
Peak daily consumption (thousands of gallons)	2,730	3,425	3,303	2,234
Sewer				
Average daily sewage treatment (thousands of gallons)	985	1,156	1,092	1,026
Total consumption	359,524	418,777	500,420	374,650
Peak daily consumption (thousands of gallons)	3,667	4,797	5,200	4,014

Source: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
686	1,120	1,580	839	662	644
358	241	648	259	271	230
3,620	5,871	5,315	2,130	5,365	3,361
442	823	848	707	870	1,119
10,084	13,170	6,589	12,772	12,132	11,880
326	386	410	459	490	599
24	20	30	20	27	25
605	555	621	663	666	749
5:00	4:54	5:27	4:57	4:13	4:19
346	362	359	252	371	378
1,602	1,708	1,762	1,802	1,625	1,768
584,860	618,735	623,545	658,942	593,675	442,981
2,974	2,989	2,881	2,296	2,454	2,677
1,393	1,220	1,300	1,262	1,431	1,315
510,623	444,910	475,586	458,634	522,331	481,723
6,947	5,310	8,127	5,192	7,730	7,055

CITY OF SEABROOK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Stations	1	1	1	1
Patrol units	17	17	17	17
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	42.1	42.1	42.6	42.6
Streetlights (1)	1,000	1,000	1,048	1,048
Parks and recreation				
Parks	18	19	19	19
Parks acreage	230	232	232	232
Baseball/softball diamonds	4	6	5	1
Swimming pools	1	1	1	2
Community centers	2	2	2	2
Water				
Water mains (miles)	56.4	56.4	56.4	56.4
Fire hydrants	481	481	493	498
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	54.4	54.4	54.7	54.7
Storm sewers (miles)	22.0	22.0	23.0	23.0
Open ditch/creek/canal drainage (miles)	20.3	20.3	20.3	20.3
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

Fiscal Year						
2015	2016	2017	2018	2019	2020	
1	1	1	1	1	1	1
17	17	17	26	26	26	26
1	1	1	1	1	1	1
42.6	42.6	43.0	43.0	43.3	43.3	43.3
1,048	1,048	1,048	1,050	1,053	1,053	1,053
19	19	19	19	19	19	19
232	232	232	232	232	232	232
2	2	3	3	3	3	3
2	2	2	2	2	2	2
2	2	2	2	2	2	2
56.4	56.4	56.8	57.0	57.3	57.3	57.3
503	505	510	514	516	516	516
2.1	2.1	2.5	2.5	2.5	2.5	2.5
54.9	54.9	55.3	55.3	55.5	55.5	55.5
23.2	23.2	23.4	23.4	23.6	23.6	23.6
20.5	20.5	20.5	20.5	20.5	20.5	20.5
2.5	2.5	2.5	2.5	2.5	2.5	2.5

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